



Foresight
SUSTAINABLE
FORESTRY
COMPANY PLC

PROSPECTUS

28 OCTOBER 2021

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document, which comprises a prospectus relating to Foresight Sustainable Forestry Company Plc (the "**Company**"), has been approved by the Financial Conduct Authority (the "**FCA**") under the UK version of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended by The Prospectus (Amendment, etc) (EU Exit) Regulations 2019 (the "**Prospectus Regulation**") and has been delivered to the FCA in accordance with Rule 3.2 of the Prospectus Regulation Rules. This document has been made available to the public as required by the Prospectus Regulation Rules.

This document has been approved by the FCA of 12 Endeavour Square, London E20 1JN, as the competent authority under the Prospectus Regulation. Contact information relating to the FCA can be found at <http://www.fca.org.uk/contact>.

The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the securities that are the subject of this document. Investors should make their own assessment as to the suitability of investing in securities.

Application will be made to the Financial Conduct Authority and the London Stock Exchange for all of the Ordinary Shares (issued and to be issued) in connection with the Initial Issue to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market. Applications will be made for all of the Shares issued pursuant to each Subsequent Placing under the Placing Programme to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market. It is expected that Initial Admission of the Ordinary Shares to be issued under the Initial Issue will become effective and that unconditional dealings will commence in the Ordinary Shares at 8.00 a.m. on 24 November 2021. It is expected that Admission pursuant to Subsequent Placings under the Placing Programme will become effective and dealings will commence between 24 November 2021 and 27 October 2022. No application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any other stock exchange.

FORESIGHT SUSTAINABLE FORESTRY COMPANY PLC

(Incorporated in England and Wales with registered number 13594181 and registered as an investment company under section 833 of the Companies Act)

Initial Placing, Offer for Subscription and Intermediaries Offer for a target issue of up to 200 million Ordinary Shares at 100 pence per Ordinary Share

Placing Programme for up to 200 million Ordinary Shares and/or C Shares

Admission to the premium segment of the Official List and to trading on the London Stock Exchange's main market

Investment Manager

FORESIGHT GROUP LLP

Sponsor, Global Coordinator and Sole Bookrunner

JEFFERIES INTERNATIONAL LIMITED

The Company and each of the Directors, whose names appear on page 36 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

Prospective investors should read the entire document and, in particular, the section headed “Risk Factors” on pages 13 to 24 of this document when considering an investment in the Company.

Jefferies International Limited (“**Jefferies**”), which is regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as sponsor, global coordinator and sole bookrunner for the Company and for no one else in relation to Initial Admission, any Admission of any Shares, the Initial Issue, the Placing Programme and the other arrangements referred to in this document. Jefferies will not regard any other person (whether or not a recipient of this document) as its client in relation to Initial Admission, any Admission of any Shares, the Initial Issue, the Placing Programme and the other arrangements referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to Initial Admission, any Admission of any Shares, the Initial Issue, the Placing Programme, the contents of this document or any transaction or arrangement referred to in this document. This does not exclude any responsibilities which Jefferies may have under FSMA or the regulatory regime established thereunder.

Apart from the responsibilities and liabilities, if any, which may be imposed on Jefferies by FSMA or the regulatory regime established thereunder, Jefferies makes no representation, express or implied, in relation to, nor accepts any responsibility whatsoever for, the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Shares, Initial Admission, any Admission of any Shares, the Initial Issue or the Placing Programme. Jefferies and its affiliates accordingly, to the fullest extent permissible by law, disclaim all and any responsibility or liability (save for statutory liability), whether arising in tort, contract or otherwise which it might otherwise have in respect of the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Shares, Initial Admission, any Admission of any Shares, the Initial Issue or the Placing Programme.

The Offer for Subscription will remain open until 11.00 a.m. on 18 November 2021 and the Initial Placing will remain open until 3.00 p.m. on 18 November 2021. Persons wishing to participate in the Offer for Subscription should complete the Application Form set out in Appendix 1 to this document. To be valid, Application Forms must be completed and returned with the appropriate remittance by post to the Receiving Agent so as to be received no later than 11.00 a.m. on 18 November 2021.

Investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations in relation to the Company other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised by the Company, the Investment Manager and/or Jefferies. Without prejudice to the Company’s obligations under the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation and MAR, neither the delivery of this document nor any subscription for, or purchase of, Shares pursuant to the Initial Issue and/or the Placing Programme, under any circumstances, creates any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Jefferies and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company and/or the Investment Manager, for which they would have received customary fees. Jefferies and its affiliates may provide such services to the Company and/or the Investment Manager and any of their respective affiliates in the future.

In connection with the Initial Issue and/or Subsequent Placings, Jefferies and its affiliates, acting as investors for its or their own accounts, may subscribe for or purchase Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Shares and other securities of the Company or related investments in connection with the Initial Issue and/or Subsequent Placings or otherwise. Accordingly, references in this document to Shares being issued, offered, acquired, subscribed or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by Jefferies and its affiliates acting as an investor for its or their own account(s).

None of Jefferies nor its affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, Jefferies and its affiliates may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements in connection with which Jefferies and its affiliates may from time to time acquire, hold or dispose of shareholdings in the Company.

The contents of this document are not to be construed as legal, financial, business, investment or tax advice. Investors should consult their own legal adviser, financial adviser or tax adviser for legal, financial, business, investment or tax advice. Investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of, or subscription for Shares. Investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, financial, business, investment, tax, or any other related matters concerning the Company and an investment therein. None of Jefferies nor any of its representatives is making any representation to any offeree or purchaser of Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Notice to U.S. and other overseas investors

This document may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company and/or Jefferies or to any person to whom it is unlawful to make such offer or solicitation. The offer and sale of Shares has not been and will not be registered under the applicable securities laws of Canada, Australia, the Republic of South Africa or Japan. Subject to certain exemptions, the Shares may not be offered to or sold within Canada, Australia, the Republic of South Africa or Japan or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Shares in the United States. The Shares are being offered or sold outside the United States to non-U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the “**U.S. Investment Company Act**”) and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and any re-offer or resale of any of the Shares in the United States or to U.S. Persons may constitute a violation of U.S. law or regulation.

Further, the Investment Manager, as AIFM to the Company, has made the notifications or applications and received, where relevant, approvals for the marketing of the Shares to “professional investors” (as defined in the EU AIFM Directive) in the Netherlands and the Republic of Ireland. Notwithstanding any other statement in the Prospectus, the Prospectus should not be made available to any investor domiciled in any Relevant Member State other than the Netherlands and the Republic of Ireland. Prospective investors domiciled in the EEA that have received the Prospectus in any Relevant Member States other than the Netherlands or the Republic of Ireland should not subscribe for Shares (and the Company reserves the right to reject any application so

made, without explanation) unless the Investment Manager has confirmed that it has made the relevant notification or applications in that Relevant Member State and is lawfully able to market Shares into that Relevant Member State.

Notwithstanding that the Investment Manager may have confirmed that it is able to market Shares to professional investors in a Relevant Member State, the Shares may not be marketed to retail investors (as this term is understood in the EU AIFM Directive as transposed in the Relevant Member States) in that Relevant Member State unless the Shares have been qualified for marketing to retail investors in that Relevant Member State in accordance with applicable local laws. At the date of this document, the Shares are not eligible to be marketed to retail investors in any Relevant Member State. Accordingly, the Shares may not be offered, sold or delivered and neither this document nor any other offering materials relating to such Shares may be distributed or made available to retail investors in those countries.

Copies of this document will be available on the Company's website ([fsfc.foresightgroup.eu](https://www.fsfc.foresightgroup.eu)) and the National Storage Mechanism of the FCA at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

Without limitation, neither the contents of the Company's or the Investment Manager's website (www.foresightgroup.eu) or any other website nor the content of any website accessible from hyperlinks on the Company's or the Investment Manager's website (or any other website) is incorporated into, or forms part of this document, or has been approved by the FCA. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this document and any supplementary prospectus published by the Company prior to Initial Admission or any Admission of Shares issued pursuant to the Placing Programme alone.

Dated: 28 October 2021

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SUMMARY

1 INTRODUCTION, CONTAINING WARNINGS

This summary should be read as an introduction to this document and any decision to invest in Shares should be based on consideration of this document as a whole by the investor. The investor could lose all or part of its invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this document before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in Shares.

The securities which the Company intends to issue pursuant to the Initial Issue (comprising the Initial Placing, the Offer for Subscription and the Intermediaries Offer) are Ordinary Shares. The Company also intends to issue Ordinary Shares and/or C Shares pursuant to the Placing Programme.

The Company's LEI number is 213800W5S9JG5JFGYO91. The ISIN of the Ordinary Shares is GB00BMDPKM71 and the SEDOL is BMDPKM7. The ISIN of the C Shares is GB00BMDTQF47 and the SEDOL is BMDTQF4.

Foresight Sustainable Forestry Company Plc (the "**Company**") can be contacted by writing to its registered office, C/o Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG, or by calling, within business hours, +44 (0)20 3667 8100.

This document was approved on 28 October 2021 by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN. Contact information relating to the FCA can be found at <https://www.fca.org.uk/contact>.

2 KEY INFORMATION ON THE ISSUER

2.1 Who is the issuer of the securities?

The Company is a public company limited by shares incorporated in England and Wales with an unlimited life under the Companies Act and is domiciled in the United Kingdom. The Company is an investment company under section 833 of the Companies Act. The Company's principal activity is to invest in UK Standing Forests and Afforestation assets. The Company's LEI number is 213800W5S9JG5JFGYO91.

Pending allotment of the Ordinary Shares pursuant to the Initial Issue, the Company is controlled by the Investment Manager. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

Blackmead Infrastructure Limited (a wholly-owned subsidiary of the Foresight Inheritance Tax Fund) has committed to make a cornerstone investment in the Initial Issue of 29.99 per cent. of the Company's Ordinary Shares on Initial Admission subject to a maximum investment amount of £59.98 million and to possible scaling back in the event of the over subscription of the Initial Issue. Consequently, following Initial Admission, as at the date of this document, the Company is aware that Blackmead Infrastructure Limited would directly or indirectly hold 29.99 per cent. of the Company's voting rights.

The Board is comprised of:

- Richard Davidson (Non-Executive Chairperson);
- Josephine Bush (Non-Executive Director);
- Sarika Patel (Non-Executive Director); and
- Christopher Sutton (Non-Executive Director).

The Company's Auditor is Ernst & Young LLP of 1 More London Place, London SE1 2AF.

The Company's investment objective and investment policy are set out below.

Investment Objective

The Company will seek to generate an attractive net total return for Shareholders over the longer term, comprising capital growth and aperiodic dividends, targeting sustainable impact through predominantly investment in sustainably managed Forestry Assets (including Standing Forests and Afforestation assets). The Company will seek to make a direct contribution in the fight against climate change through forestry and Afforestation carbon sequestration initiatives. The Company will seek to preserve and proactively enhance natural capital and biodiversity across its portfolio.

Investment Policy

The Company intends to achieve its investment objective by predominantly investing in a diversified portfolio of sustainable Forestry Assets, predominantly located in the UK.

“Forestry Assets” are land assets where stands of trees have a canopy cover of at least 20 per cent. of land area¹ (**“Standing Forests”**), or have the potential to achieve this through new planting (**“Afforestation”**) initiatives. These Forestry Assets may be used for planting, maintaining and growing trees for commercial production of timber or other forest products (**“Commercial Forestry”**) or for non-commercial purposes (**“Non-Commercial Forestry”**) and in both cases may include areas where a community of naturally occurring tree species regenerate by natural (i.e. without intervention) means (**“native woodland”**) and areas that are left unplanted with trees (**“open ground”**).

The Group will seek to acquire a mixture of cash flow generating sustainable Forestry Assets representing a mixture of Standing Forests (of varying age classes) together with land suitable for Afforestation projects (representing both Commercial Forestry projects and Non-Commercial Forestry projects) to achieve a balanced portfolio with an optimal harvesting and capital growth profile.

Diversification within the Group’s portfolio will be achieved by:

- (i) investing in a range of individual underlying Forestry Assets, each of which will be capable of separate disposal;
- (ii) investing in different types of Forestry Assets (both Standing Forests and Afforestation projects) with a range of ages classes and harvesting profiles;
- (iii) where possible, seeking diversification in tree species and a blend of Commercial Forestry and Non-Commercial Forestry (including native woodland and open ground) across the overall portfolio;
- (iv) engaging with a range of different off-takers for the Group’s harvested timber; and
- (v) achieving a geographic spread across the underlying Forestry Assets.

Although the Group’s revenues will primarily be generated by the sale of harvested timber and, in due course, the sale of Carbon Credits, where appropriate and practicable, the Group will also seek to generate ancillary non-core revenue streams from its Forestry Assets, including, but not limited to, the leasing or licensing of land to third parties for agricultural, sporting and tourism activities, the leasing of land to third parties for renewable energy and/or energy storage and/or telecommunications development projects (such as the erection of wind turbines or mobile telecommunications towers) and, if a future market develops, the sale of biodiversity credits.

The Company will gain exposure to Forestry Assets indirectly through its holding of equity interests in underlying asset holding companies. The Company will invest via equity or debt interests in such asset holding companies. The asset holding companies will use the funds received by the Company to acquire Forestry Assets directly or indirectly through intermediate holding companies.

Returns generated by the asset holding companies (either from the sale of harvested timber, the sale of Carbon Credits or from ancillary non-core revenue sources) will either be retained by the relevant asset holding companies and reinvested or paid to the Company in the form of dividend distributions or the payment of interest on intra-group debt.

The Group may acquire freehold or leasehold interests in Forestry Assets or may acquire the shares in corporate entities holding such Forestry Assets.

Investments in Forestry Assets will typically entail 100 per cent. ownership by the Group. The Group may, however, enter into joint venture arrangements alongside one or more co-investors where the Investment Manager, in consultation with the Board, believes it is in the Group’s best interests to do so (such as where an investment opportunity is too large for the resources of the Group on its own, to share risk or where a joint venture arrangement will optimise returns for the Group). In the case of such co-investments, the Group will target retaining a control position, where this is possible, or, where this is not possible, will have strong minority investor protections and governance rights.

In addition, as part of a transaction to acquire Forestry Assets, the Group may end up owning ancillary non-forestry related assets, including, but not limited to, residential land and buildings, vehicles, equipment, agricultural outbuildings and small-scale renewable energy assets (together **“Non-Core Assets”**). Where appropriate and beneficial to the overall strategy, the Group will look to realise the value of any Non-Core Assets over time for the benefit of Shareholders.

The Investment Manager will have overall responsibility for asset managing the Group’s Forestry Assets (including any ancillary non-core revenue streams) and Non-Core Assets. The Group will also appoint appropriate specialist third party forestry management companies which will be responsible for the day to day physical management of the Group’s Forestry Assets, including harvesting and planting activity.

Investment restrictions

The Company will invest and manage its assets with the objective of spreading risk and, in doing so, will maintain the following investment restrictions:

¹ Forest Research Provisional Woodland Statistics 2021 Edition.

- no single Forestry Asset will represent more than 15 per cent. of Gross Asset Value (with two or more Forestry Assets which are directly adjacent being treated as a single asset), save that the Board may approve the increase of this limit up to 25 per cent. of Gross Asset Value on an exceptional basis where considered appropriate to cater for a larger scale strategic Forestry Asset investment;
- at least 90 per cent. of Gross Asset Value shall be invested in Forestry Assets located in the United Kingdom;
- no more than 10 per cent. of Gross Asset Value may be invested in Forestry Assets located in EEA countries;
- the maximum exposure to Afforestation projects will not exceed, in aggregate, 50 per cent. of Gross Asset Value;
- the maximum exposure to Non-Core Assets will not exceed, in aggregate, 10 per cent. of Gross Asset Value; and
- the Company will not invest in other listed investment companies.

In accordance with the requirements of the Listing Rules, the Company will not undertake any trading activity which is material in the context of the Group as a whole.

The investment restrictions set out above apply following full investment of the Initial Net Proceeds. Compliance with the above investment limits will be measured at the time of investment and non-compliance resulting from changes in the price or value of assets following investment will not be considered as a breach of the investment limits.

Borrowing policy

The Directors may use gearing to enhance the potential for income returns and long-term capital growth, and to provide capital flexibility. If used, it is expected that gearing will primarily be used on a short-term basis, for liquidity and working capital purposes (including, but not limited to, for the payment of fees to the Investment Manager) or to finance the acquisition of investments. However, the Board will always follow a prudent approach for the asset class with regards to gearing, and the Company will maintain a conservative level of aggregate borrowings that will not exceed 30 per cent. of Gross Asset Value, calculated at the time of draw down. The Board will keep the level of borrowings under review.

Hedging and derivatives

The Company will not employ derivatives for investment purposes. Derivatives may however be used for efficient portfolio management.

Cash management

The Company may hold cash on deposit for working capital purposes and awaiting investment and, as well as cash deposits, may invest in cash equivalent investments, which may include government issued treasury bills, money market collective investment schemes, other money market instruments and short-term investments in money market type funds ("**Cash and Cash Equivalents**"). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position.

Changes to and compliance with the investment policy

Any material change to the Company's investment policy set out above will require the approval of the FCA and Shareholders by way of an ordinary resolution at a general meeting.

In the event of a breach of the investment guidelines and/or the investment restrictions set out above, the Investment Manager shall inform the Board as soon as practicable upon becoming aware of any breach. If the Board considers the breach to be material, notification will be made through an announcement via a Regulatory Information Service.

2.2 What is the key financial information regarding the issuer?

No key financial information is included in this document as the Company is yet to commence operations.

2.3 What are the key risks that are specific to the issuer?

The attention of investors is drawn to the risks associated with an investment in the Company which, in particular, include the following:

Key risks relating to the Company

- The Company is newly formed and has no operating history.

- The Company's targeted returns are based on estimates and assumptions that are inherently subject to significant uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns.

Key risks relating to the investment policy

- The Company may not meet its investment objective and there is no guarantee that the Company's target dividend and/or target returns, as may be adopted from time to time, will be met.
- Availability of appropriate forestry investments and attractive investment terms for investments.
- The valuation of Forestry Assets is inherently subjective and subject to uncertainties.

Key risks relating to Investment in Forestry Assets

- The forest industry is susceptible to product price fluctuations as the prevailing market prices for end products can fluctuate as a result of, among other things, changes in supply and demand for timber.
- The Company may face physical risks associated with Forestry Assets.
- Planning laws and regulations governing land acquired by the Company and the availability of grant funding may adversely impact the Company's ability to develop and/or operate Forestry Assets.
- If the Company fails to obtain FSC or PEFC certifications for its Forestry Assets, its ability to sell the relevant forest products and the value of such assets could be adversely affected.
- There is no guarantee that Afforestation projects will meet the prescribed eligibility requirements for the creation of carbon credits under the Woodland Carbon Code ("WCC").

Key risks relating to regulation, taxation and the Company's operating environment

- Changes in laws or regulations governing the Company or the Investment Manager and their respective businesses may adversely affect the business and performance of the Company.

3 KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

(1) Shares

The securities the Company intends to issue under the Initial Issue are Ordinary Shares. Immediately following Initial Admission, the Company will have one class of shares in issue. Thereafter the Company also intends to issue up to 200 million Ordinary Shares and/or C Shares pursuant to the Placing Programme. The ISIN of the Ordinary Shares is GB00BMDPKM71 and the SEDOL is BMDPKM7. The ISIN of the C Shares is GB00BMDTQF47 and the SEDOL is BMDTQF4.

The Shares are denominated in Sterling. The Ordinary Shares are being offered under the Initial Placing, the Offer for Subscription and the Intermediaries Offer at the Issue Price of 100 pence per Ordinary Share. Ordinary Shares offered under the Placing Programme will be offered at a price not less than the prevailing Net Asset Value per Ordinary Share (either published or estimated, as applicable), plus a premium intended to at least cover the costs and expenses of the relevant Subsequent Placing. Any C Shares issued under the Placing Programme will be issued at a price of 100 pence per C Share.

Set out below is the issued share capital of the Company as at the date of this document:

	Aggregate nominal value	Number
Management Shares of £1.00 each	£50,000	50,000
Ordinary Shares	£0.01	1

The Ordinary Share in issue is fully paid up. To enable the Company to obtain a certificate of entitlement to conduct business and to borrow under section 761 of the Companies Act, on 12 October 2021, 50,000 Management Shares were allotted to the Investment Manager. The Management Shares are fully paid up and will be redeemed immediately following Initial Admission out of the proceeds of the Initial Issue.

(2) Rights attaching to the Shares

The Ordinary Shares and the C Shares have the following rights:

Dividend: The holders of the Ordinary Shares or C Shares shall be entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares or class of C Shares that they hold.

Rights as respect to capital: On a winding-up or a return of capital, if there are any C Shares in issue, the net assets attributable to the C Shares of each class shall be divided *pro rata* amongst the holders of the C Shares attributable to each class. For so long as one or more classes of C Shares are in issue, the assets attributable to any class of C Shares shall at all times be separately identified and shall have allocated to them such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to any class of C Shares in issue. The holders of Ordinary Shares shall be entitled (on a *pro rata* basis) to all of the Company's remaining net assets after taking into account any net assets attributable to any class of C Shares in issue.

Voting: The Ordinary Shares and C Shares shall carry the right to receive notice of, attend, speak and vote at general meetings of the Company and each holder being present in person or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of each Ordinary Share or C Shares that they hold. The consent of the holders of the Ordinary Shares or a class of C Shares as a class will be required for the variation of any rights attached to the Ordinary Shares or the relevant class of C Shares (as the case may be).

(3) **Restrictions on the free transferability of Shares**

There are no restrictions on the free transferability of the Shares, subject to compliance with applicable securities laws.

(4) **Target return and dividend policy**

The Company is targeting a Net Asset Value total return of more than CPI + 5 per cent. per annum on a rolling five year basis, based on Net Asset Value once the Company is substantially invested.

The Company intends to invest in Forestry Assets with cash flow typically re-invested for further accretive growth.

The Company intends to pay dividends in order to satisfy the ongoing requirements under the Investment Trust (Approved Company) (Tax) Regulations 2011 for it to be approved by HMRC as an investment trust save that, in the medium term, the Group's Forestry Assets may also generate free cash flow which the Company may decide not to re-invest and, in such case(s), the Company currently intends to distribute these amounts to Shareholders.

Distributions made by the Company may take either the form of dividend income or may be designated as interest distributions for UK tax purposes. Prospective investors should note that the UK tax treatment of the Company's distributions may vary for a Shareholder depending on the classification of such distributions. In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

Prospective investors who are unsure about the tax treatment which will apply to them in respect of any distributions made by the Company should consult their own tax advisers.

The return target stated above is a target only and not a profit forecast. There can be no assurance that this target will be met and should not be taken as an indication of the Company's expected future results. The Company's actual returns will depend upon a number of factors, including but not limited to the size of the Initial Issue, the rate of inflation, the Company's actual performance and the level of ongoing charges.

Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Company and should decide for themselves whether or not the return target is reasonable or achievable.

In addition, the Company may in the future explore the possible distribution of Carbon Credits "in specie" to Shareholders, however, there can be no assurance that this will be achievable and Shareholders should not place any reliance on any such distributions occurring in deciding whether or not to invest in the Company.

Investors should note that references in this paragraph to "dividends" and "distributions" are intended to cover both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts.

3.2 **Where will the securities be traded?**

Applications will be made to the Financial Conduct Authority and the London Stock Exchange for all of the Shares (issued and to be issued) in connection with the Initial Issue and the Placing Programme to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main

market. No application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any other stock exchange. The Company expects to be awarded the London Stock Exchange Green Economy Mark.

3.3 What are the key risks that are specific to the securities?

The attention of investors is drawn to the risks associated with an investment in the Shares which, in particular, include the following:

- the value of an investment in the Company, and the returns derived from it, if any, may go down as well as up and an investor may not get back the amount invested;
- the market price of the Shares may fluctuate independently of the Net Asset Value per Ordinary Share or Net Asset Value per C Share (as the case may be) and may trade at a discount or premium to the Net Asset Value per Ordinary Share or Net Asset Value per C Share (as the case may be) at different times;
- it may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares; and
- the Company may issue additional Ordinary Shares, which may cause the market price of the existing Ordinary Shares to decline and/or be dilutive to existing Shareholders who cannot, or choose not to, participate.

4 KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 Under which conditions and timetable can I invest in this security?

The Company is targeting an issue of up to 200 million Ordinary Shares pursuant to the Initial Issue, comprising the Initial Placing, the Offer for Subscription and the Intermediaries Offer. Ordinary Shares will be issued pursuant to the Initial Placing, the Offer for Subscription and the Intermediaries Offer at an Issue Price of 100 pence per Ordinary Share.

The Offer for Subscription and the Intermediaries Offer will remain open until 11.00 a.m. on 18 November 2021 and the Initial Placing will remain open until 3.00 p.m. on 18 November 2021. If the Initial Issue is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

The Directors may issue up to a further 200 million Ordinary Shares and/or C Shares pursuant to the Placing Programme without having to first offer those Shares to existing Shareholders. The issue of Shares is at the discretion of the Directors.

Following the Initial Issue, the Placing Programme may be implemented by any placing of Shares pursuant to the Placing Programme.

The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Shares over a period of time. The Placing Programme will open on 24 November 2021 and will close on 27 October 2022 (or an earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors).

Applications will be made for the Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are expected to be approximately £4 million, equivalent to approximately 2 per cent. of the Initial Gross Proceeds, assuming Initial Gross Proceeds of £200 million. The costs will be deducted from the Initial Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. It is expected that the starting Net Asset Value per Ordinary Share will be not less than 98 pence.

The costs and expenses of each Subsequent Placing pursuant to the Placing Programme will depend on subscriptions received but are not expected to exceed 2 per cent of the gross proceeds of such Subsequent Placing. The costs of any issue of Ordinary Shares will be covered by issuing such Ordinary Shares at a premium to the prevailing estimated Net Asset Value per Ordinary Share at the time of the Subsequent Placing. The costs and expenses of any issue of C Shares under the Placing Programme will be paid out of the gross proceeds of such issue and will be borne by holders of C Shares only.

No dilution will result from the Initial Issue. If an existing Shareholder does not subscribe for C Shares and/or Ordinary Shares issued under the Placing Programme, such Shareholder's proportionate ownership and voting rights in the Company will be reduced.

The Initial Issue is conditional, *inter alia*, on: (i) Initial Admission having become effective on or before 8.00 a.m. on 24 November 2021 or such later time and/or date as the Company, the Investment Manager and Jefferies may agree (being not later than 8.00 a.m. on 10 December 2021); (ii) the Placing and Offer Agreement becoming wholly unconditional in respect of the Initial Issue (save as to Initial Admission) and not having been terminated in accordance with its terms at any time prior to Initial Admission; and (iii) the

Minimum Gross Proceeds, being £130 million (or such lesser amount as the Company, the Investment Manager and Jefferies may agree) being raised. If the Minimum Gross Proceeds are not raised, the Initial Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA.

Each allotment and issue of Shares pursuant to a Subsequent Placing under the Placing Programme, following the Initial Issue, will be conditional, *inter alia*, on: (i) Admission of the relevant Shares occurring by no later than 8.00 a.m. on such date as the Company, the Investment Manager and Jefferies may agree from time to time in relation to that Admission, not being later than 27 October 2022; (ii) a valid supplementary prospectus being published by the Company, if such is required by the Prospectus Regulation Rules; (iii) the Placing Programme Price being determined by the Directors; and (iv) the Placing and Offer Agreement being wholly unconditional as regards the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

All expenses incurred by any Intermediary pursuant to the Intermediaries Offer are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer.

4.2 **Why is this prospectus being produced?**

(1) **Reasons for the issue**

The Initial Issue is intended to raise money for investment in accordance with the Company's investment objective and investment policy. The Directors intend to use the Net Proceeds, after providing for the Company's operational expenses, to purchase investments in line with the Company's investment objective and investment policy. Following the Initial Issue, the Company may wish to issue further Shares to raise additional capital. The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's investment objective and investment policy. Neither the Initial Issue nor any Subsequent Placing will be underwritten.

(2) **Estimated net proceeds**

The Company is targeting an issue of up to 200 million Ordinary Shares pursuant to the Initial Issue. The Net Proceeds are dependent on the level of subscriptions received. Assuming Initial Gross Proceeds are £200 million, the Net Proceeds will be approximately £196 million.

RISK FACTORS

An investment in the Shares carries a number of risks, including the risk that the entire investment may be lost. In addition to all other information set out in this document, the following specific factors should be considered when deciding whether to make an investment in the Shares. The risks set out below are those that are considered to be the material risks relating to the Company and to an investment in the Shares but are not the only risks relating to the Company and to such investment in the Shares. No assurance can be given that Shareholders will realise profit on, or recover the value of, their investment in the Shares. It should be remembered that the price of securities can go down as well as up.

Prospective investors should note that the risks relating to the Company, its investment strategy and the Shares summarised in the section of this document headed “Summary” are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed “Summary” but also, among other things, the risks and uncertainties described in this “Risk Factors” section. Additional risks and uncertainties not currently known to the Company or the Directors or that the Company or the Directors consider to be immaterial as at the date of this document may also have a material adverse effect on the Company’s financial condition, business, prospects and results of operations and, consequently, the Company’s Net Asset Value and/or the market price of the Shares.

Potential investors in the Shares should review this document carefully in its entirety and consult with their professional advisers prior to making an application to subscribe for Shares.

RISKS RELATING TO THE COMPANY

The Company is newly formed and has no operating history

The Company was incorporated on 31 August 2021, has no operating results and will not commence operations until it has obtained funding through the Initial Issue. As the Company lacks an operating history, investors have no basis on which to evaluate the Company’s ability to achieve its investment objective and provide a satisfactory investment return.

The Company’s returns will depend on many factors, including the performance of its investments and the availability and liquidity of investment opportunities within the scope of the Company’s investment objective and investment policy. There can be no assurance that the Company’s investment policy will be successful.

The Company’s targeted returns are based on estimates and assumptions that are inherently subject to significant uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns

The Company’s targeted returns set out in this document are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, value, yield and performance of the Company’s Forestry Assets (including the Target Seed Forestry Assets), the UK and global market for forest products, the future development of the market for Carbon Credit trading and the future price of Carbon Credits, all of which are inherently subject to significant business, economic and market uncertainties and contingencies and which are beyond the Company’s control and which may adversely affect the Company’s ability to achieve its targeted returns. The Company may not be able to implement its investment objective and investment policy in a manner that generates returns in line with the targets.

Furthermore, the targeted returns are based on the market conditions and the economic environment at the time of assessing the targeted returns and are therefore subject to change. In particular, the targeted returns assume no material changes occur in government regulations or other policies, or in law and taxation, and that the Company is not affected by the occurrence of risks described elsewhere in this document. There is no guarantee that actual (or any) returns can be achieved at or near the levels set out in this document. Accordingly, the actual rate of return

achieved may be materially lower than the targeted returns, or may result in a partial or total loss, which could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Company has no employees and is reliant on the performance of third-party service providers

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company will be reliant upon the performance of third-party service providers for its executive functions. In particular, the Investment Manager and the Registrar will be performing services which are integral to the operation of the Company.

Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company or administration of its investments. The termination of the Company's relationship with any third-party service provider or any delay in appointing a replacement for such service provider, could disrupt the business of the Company materially and could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

RISKS RELATING TO THE INVESTMENT POLICY

The Company may not meet its investment objective and there is no guarantee that the Company's target dividend and/or target returns, as may be adopted from time to time, will be met

The Company may not achieve its investment objective. Meeting the investment objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

The payment of future dividends and the level of any future dividends paid by the Company is subject to the discretion of the Directors and will depend upon, amongst other things, the Company successfully pursuing its investment policy and the Company's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well as the provisions of relevant laws or generally accepted accounting principles from time to time. There can be no assurance that any dividends will be paid in respect of any financial year or period and no guarantee as to the level of any future dividends to be paid by the Company. There is no guarantee that the Company will achieve the stated target Net Asset Value total return referred to in this document and therefore achieve its return objective.

Availability of appropriate forestry investments and attractive investment terms for investments

Although the Company has entered into the Option Agreement, giving the Company the option to acquire the Target Seed Forestry Assets following Initial Admission, there is no guarantee that the remaining Net Proceeds will be deployed in a timely manner, or at all, and the Company has not committed to making any forestry investments. Competition for such forestry investments may result in the Company being unable to make investments, which may limit the Company's ability to generate its target return.

If the Investment Manager is not able to source a sufficient number of suitable investments within a reasonable timeframe whether by reason of lack of demand, competition or otherwise, a greater proportion of the Company's assets will be held in cash for longer than anticipated and the Company's ability to achieve its investment objective will be adversely affected. Any delays in the speed of capital deployment may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The valuation of Forestry Assets is inherently subjective and subject to uncertainties

The Company will publish its Net Asset Value on a semi-annual basis. Included in, and a primary driver of, the calculation of Net Asset Value will be the valuation of the Group's Forest Assets, which will be informed by third-party independent valuers in accordance with the Company's valuation methodology. There can be no assurances that any such investments will ultimately be realised at any such valuation results. Given that the Company gives no assurance as to the values that the Company records from time to time, it is possible that the Company may record materially higher values in respect of its investments than the values that are ultimately realised throughout the

life of those investments. In such cases, the Net Asset Value will be adversely affected. Changes in values attributed to investments during each six-month period may result in volatility in the Net Asset Values that the Company reports from period to period. Such volatility in the value of the portfolio could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Identified pipeline investments are not subject to binding contractual obligations

Although the Company has entered into the Option Agreement in relation to the Target Seed Forestry Assets, no investment opportunities from the identified pipeline opportunities have been contracted to be acquired by the Company and there are no contractually binding obligations for the sale and purchase of the pipeline opportunities. Therefore, there can be no assurance that any of the pipeline opportunities identified in this document will remain available for purchase after Initial Admission or, if available, at what price (if a price can be agreed at all) the investments can be acquired by the Group. The individual holdings within the Company's portfolio may therefore be substantially different to the current identified pipeline opportunities.

The Forestry Assets in which the Group will invest are inherently illiquid in nature

The Group will invest in Forestry Assets. Such investments are illiquid, they may be difficult for the Group to sell and the price achieved on any realisation may be at a discount to the prevailing valuation of the relevant Forestry Assets. The inability of the Group to exit a Forestry Asset in good time or for a price that it considers to represent the fair value of such investment could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Reliance on projections

Investment decisions and ongoing valuations will be based on financial projections for the Group's Forestry Assets. Projections will primarily be based on the Investment Manager's assessment and are only estimates of future results based on assumptions made at the time of the projection. These projections may not be realised and are subject to change as relevant inputs to the projections change. Actual results may vary significantly from the projections, which may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Use of borrowings

The Company may utilise borrowings for investment purposes and short-term liquidity, subject to a maximum permitted leverage of 30 per cent. of the Company's Gross Asset Value. Entry into of leverage agreements may involve granting of security by the Company over the portfolio.

Since the Shares are equity instruments, on any insolvency of the Company, Shareholders could rank behind the Company's financing counterparties, whose claims will be considered as indebtedness of the Company and may be secured.

The Company may also be required to provide cash margin to a lender based on market movements in the value of the portfolio and this may reduce funds available to the Company for distribution. In addition, the Company's financings may be relatively short-term, whereas the investments of the Company are long-term. To the extent that refinancing facilities are not available at economic rates or at all, the Company may be required to sell assets at disadvantageous prices, which could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Due diligence risks

Prior to making an investment in a Forestry Asset, the Investment Manager will undertake commercial, financial, technical, sustainability and ESG and legal due diligence on the relevant Forestry Asset. Notwithstanding that such due diligence is undertaken, it may not uncover all of the material risks affecting such asset and/or such risks may not be adequately protected against in the acquisition or investment documentation. The Group may acquire Forestry Assets with unknown liabilities and without any recourse, or with limited recourse, with respect to unknown liabilities. If an unknown liability was later asserted in respect of the relevant Forestry Asset, the Group might by

required to pay substantial sums to settle it or enter into litigation proceedings, which could adversely affect cash flow and the result of its operations.

The Group will have reliance on due diligence reports prepared by professionals appointed by the Investment Manager in relation to a Forestry Asset. There is a risk that, notwithstanding this reliance relationship, the relevant professional adviser has limited its liability or is otherwise able to avoid liability to the Group. Should that be the case, the Company may be unable to recover losses suffered as a result of its reliance on such professional adviser.

Accordingly, in the event that material risks are not uncovered and/or such risks are not adequately protected against, this may have a material adverse effect on the Forestry Assets and consequently a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Unsuccessful transaction costs

There is a risk that the Group may incur substantial legal, financial and other advisory expenses arising from unsuccessful transactions which may include expenses incurred in dealing with transaction documentation and legal, accounting and other due diligence.

The Group may not acquire 100 per cent. control of a Forestry Asset

Under certain circumstances, the Group may acquire less than a 100 per cent. interest in a particular Forestry Asset and the remaining ownership interest will be held by one or more third parties. In such instances, the Group may acquire a controlling or non-controlling interest.

These investment arrangements may expose the Group to the risk that:

- co-owners become insolvent or bankrupt;
- co-owners have economic or other interests that are inconsistent with the Group's interests and are in a position to take or influence actions contrary to the Group's interests and plans, which may create impasses on decisions and affect the Group's ability to implement its strategies and/or dispose of the asset or entity;
- disputes develop between the Group and co-owners, with any litigation or arbitration resulting from any such disputes increasing expenses and distracting the Board and the Investment Manager from their other managerial tasks;
- co-owners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the relevant underlying Forestry Asset which could result in the loss of income and may otherwise adversely affect the operation and maintenance of such underlying Forestry Asset;
- a co-owner breaches agreements related to the underlying Forestry Assets, which may cause a default under such agreements and result in liability for the Group; and
- the Group may, in certain circumstances, be liable for the actions of co-owners.

Any of the foregoing may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

In addition, in circumstances where the Group does not hold a controlling interest in the relevant Forestry Asset it may, (i) have limited influence, or (ii) not be able to block certain decisions made collectively by the majority equity holders. This may result in decisions being made about the relevant investment that are not in the interests of the Group. In such circumstances, the Group will secure its shareholder rights through contractual and other arrangements, to, *inter alia*, ensure that the Forestry Asset is operated and managed in a manner that is consistent with the Company's investment policy. However, this lack of control may have a significant impact and may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

RISK RELATING TO INVESTMENT IN FORESTRY ASSETS

The forest industry is susceptible to product price fluctuations as the prevailing market prices for end products can fluctuate as a result of, among other things, changes in supply and demand for timber

The Group's revenues will be materially dependent on prevailing market prices for wood materials (such as sawlogs, roundwood or other forest residues, such as wood chips), which can fluctuate over time based on numerous macroeconomic and other factors such as regional and global growth rates, construction activity and capital spending. Prevailing wood product prices are subject to cyclical fluctuations and are affected by changes in supply and demand, especially within a particular geographic area. Decreases in demand, increases in supply, or both, may reduce wood prices, which in turn may reduce the Group's revenues and affect its ability to make dividend distributions or general Net Asset Value growth. In addition, the number of timber sellers and the volume of timber available for sale determine the supply of timber. Historically, increases in timber prices have caused owners of forestry land to increase their timber cutting. An increase in supply may partly offset price increases and exert downward price pressure on timber prices during short to medium term time frames.

The industries that use these various wood products drive the demand for them. Each market prices the product in a manner that is largely independent from the other markets. It is possible that all markets could deteriorate simultaneously and negatively affect the ability of the Group to sell its products and generate revenue.

The demand for most sawn timber depends on the level of real estate construction, repair and remodelling activity occurring in the general global economy. Population growth and changing demographics, seasonal and weather cycles, interest rates and other local, national and international economic conditions all affect the level of real estate construction, repair and remodelling activity. A slowdown in real estate construction and/or remodelling is likely to reduce demand for the Group's timber, which may reduce the Group's revenues. New wood substitutes and lower quality wood products could emerge and/or lower quality products could compete with higher quality sawn timber, which could also reduce demand for the Company's timber.

Demand for roundwood and other forestry residues is affected by the general level of economic activity. New wood substitutes could emerge and/or lower quality wood products could compete with the demand for the Group's timber. Whilst such activities can improve the underlying sustainability characteristics of wood-based materials overall, additional recycling of wood chip, flake and pulp-based products could reduce demand

The occurrence of any of these factors could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Group may face physical risks associated with Forestry Assets

Natural causes such as fire, pest damage, disease, extreme weather (including from climate change related issues) and other causes beyond the control of the Investment Manager and the Company, such as man-made disasters, may have an impact on the timing of harvests, or may reduce the volume and value of timber harvested from the Group's Forestry Assets. For example, pest and/or disease damage could necessitate the early harvesting of affected trees and could affect forest establishment and growth rates. Extreme weather conditions, in particular strong winds, could damage mature trees in wind-exposed areas, could necessitate the early or unplanned harvesting of affected trees and the requirement for insurance claims and programmes for the extraction of salvage timber may disrupt other forestry operations. In addition, prolonged periods of adverse weather could negatively affect the growth rate of trees and the quality of the timber produced, thereby negatively affecting the value of the Group's Standing Forests and Afforestation projects and the value of any harvests. Any material delay or disruption in the Company's ability to plant, manage or extract timber could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Planning laws and regulations governing land acquired by the Group and the availability of grant funding may adversely impact the Group's ability to operate Forestry Assets

Although the Investment Manager will undertake a rigorous planning and grant funding risk assessment on all potential land acquisitions, where the Group acquires land for the purposes of Afforestation there is risk that the required planning consents to commence planting will not be

granted in a timely manner or at all and/or that anticipated grant funding is not obtained at the level expected or at all. If the Group experiences delays to its planting and other forest management operations, or indeed is unable to commence planting at all and/or is unable to obtain grant funding at the level expected or at all, this could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders, which may require such land to be disposed of at or below the acquisition cost.

If the Group fails to obtain FSC or PEFC certifications for its Forestry Assets, its ability to sell the relevant forest products and the value of such assets could be adversely affected

The Group intends to obtain FSC and PEFC certification for each of its Forestry Assets within 12 months of any acquisition. If the Group is unable to do so, or is otherwise unable to verify that its forest products are from a sustainable source, there is a risk that the pricing will be negatively impacted. As a result, the Group would fail to benefit from any market premiums payable on forest products that are certified, and the market to which the Group's products could be sold would be reduced. Lack of an FSC or PEFC certification could also adversely impact the value of the underlying land, which in turn could also negatively affect the Company's Net Asset Value and the Company's ability to successfully realise the relevant asset. Any failure to obtain FSC or PEFC certification for any of the Company's Forestry Assets could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

There is no guarantee that Afforestation projects will meet the prescribed eligibility requirements for the creation of Carbon Credits under the WCC

Although new Afforestation projects undertaken by the Group that meet the prescribed eligibility requirements will be eligible for the creation of Carbon Credits under the WCC, no guarantee or assurance can be given that any projects will, on assessment against the WCC, be validated and/or verified by an independent validation/verification body, and only upon verification shall any Carbon Credits created by WCC projects as PIUs be converted into Woodland Carbon Units ("WCUs"). A failure of any Afforestation project to achieve such validation, or validation by an appropriate alternative validating body could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

There can be no assurances that the Group will be able to maintain adequate insurance for its Forestry Assets and the Group may therefore suffer uninsured losses

The Group will seek to maintain fire, windblow (to cover possible storm damage), title indemnity and public liability insurance in relation to all of its Forestry Assets. However, there can be no assurances that such insurance coverage will be available to the Group on commercially reasonable terms or at all in the future. In the event that any investment incurs a loss that is not covered by insurance, the value of the Company's portfolio will be reduced by any such uninsured loss which could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Risks relating to health and safety

The physical location, planting, maintenance and operation of a Forestry Asset may pose health and safety risks to those involved in such activities. The silvicultural management and harvesting of Forestry Assets may result in bodily injury, industrial accidents, and even death. If an accident were to occur in relation to one or more of the Group's Forestry Assets, the Group could be liable for damages or compensation to the extent such loss is not covered under existing insurance policies. Health and safety concerns and/or accidents could also result in the suspension (either temporary or long-term) of operations of a Forestry Asset. Liability for damages or compensation in relation to accidents and/or suspension of operations could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The forestry industry may face competition from alternatives to timber and wood products

Wood products are subject to competition from substitute products, including engineered non-wood products to substitute for wood products. The extent of use of less sustainable and less energy-efficient, but cheaper alternative building materials, such as steel and plastics, by the industries that use various sawlog wood products, may adversely affect the supply and demand for wood products.

Similarly, the demand for roundwood and other forest residue products could be adversely impacted by developments in those industries where cheaper materials are preferred to sustainable wood materials. To the extent that there is a significant increase in competitive pressure from substitute products or other domestic or foreign suppliers, this could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Group may be exposed to capital expenditure for non-compliance with environmental laws and regulation

The Group's forestry activities will be subject to the UK's environmental protection regime. The Group's business may involve the handling and use of hazardous materials to protect from pests and diseases and to manage the control of plants that have a material adverse effect on early-stage tree growth. In addition, the storage and processing of timber products may create hazardous conditions, and as a result the Group may be exposed to criminal and/or civil penalties for non-compliance with these laws and regulations, in addition to the obligation to remediate the environment and indemnify third parties for eventual damages. The acquisition of land may also lead to the Group being held liable for historical contamination and forced to conduct, or pay for, investigations or remediation measures.

In addition, the Group's forestry land assets will likely include certain areas designated as Sites of Special Scientific Interest (in particular designated as ancient woodland) and Special Areas of Conservation (in particular protected habitats). In the event that the Group were to be found guilty of damaging, disturbing or destroying such a designated site, the Group may be liable to fines.

Expenditure required for compliance with environmental regulation relating to the establishment of Forestry Assets may result in reductions in other strategic investments and any material unforeseen environmental costs, such as costs for remediation of contaminated land or fines, could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Group's proposed planting and/or harvesting schedules for its Forestry Assets may be adversely affected by the performance of third parties

Circumstances outside of the control of the Group, including the performance default by third party suppliers and contractors, may restrict the Group's ability to meet its proposed planting and/or harvesting schedules for its Forestry Assets. Any delay in implementing such planting and/or harvesting schedules could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Company will invest in Forestry Assets through one or more SPVs

The Company will invest in Forestry Assets indirectly through intermediate holding companies and SPVs. While such investments will provide the Company with diversification on a look-through basis, the Company will be exposed to certain risks associated with the vehicles as a whole which may affect the Company's return profile. For example:

- any change in the laws and regulations including any tax laws and regulations applicable to the SPV or to the Company in relation to the receipts from any such SPV may adversely affect the Company's ability to realise all or any part of its interest in Forestry Assets held through such structures; or
- any failure of the SPV or its management to meet their respective obligations may have a material adverse effect on the Forestry Assets held through such structures (for example, triggering breaches of contractual obligations) and the Company's exposure to the investments held through such structures and/or the returns generated from such Forestry Assets for the Company. This could, in turn, have a material adverse effect on the performance of the Company and affect its ability to achieve its investment objective; or
- when making an investment into a Forestry Asset through an SPV, there may be contractual rights (such as pre-emption rights) accruing to third parties, not necessarily fully identified through due diligence, that may be subject to subsequent challenge impacting the Company's rights.

Further, where Forestry Assets are acquired indirectly as described above, the value of the SPV structure may not be the same as the value of the underlying Forestry Asset due, for example, to tax, contractual, contingent and other liabilities, or structural considerations. To the extent that valuations of the Company's investments in SPVs or other investment structures prove to be inaccurate or do not fully reflect the value of the underlying Forestry Assets, whether due to the above factors or otherwise, this may have a material adverse effect on the value of the portfolio and could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

RISKS RELATING TO THE INVESTMENT MANAGER

Reliance on the Investment Manager

Investor returns will be dependent upon the Company successfully pursuing its investment policy. The success of the Company will depend on the Investment Manager's ability to identify, acquire, manage and realise Forestry Assets (as the case may be) in accordance with the Company's investment objective. This, in turn, will depend on the ability of the Investment Manager to identify and complete the purchase of suitable Forestry Assets for the Group. There can be no assurance that the Investment Manager will be able to do so or that it will enable the Company to invest on attractive terms or generate any investment returns for Shareholders or avoid investment losses.

The performance of the Company depends on the ability of the Investment Manager to provide competent, attentive and efficient services to the Company. There can be no assurance that, over time, the Investment Manager will be able to provide such services or that the Company will be able to make investments on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

The Company depends on the diligence, skill, judgement and business contacts of the Investment Manager's investment professionals and the information and deal flow they generate and communicate to the Company during the normal course of their activities. The Company's future success depends on the continued service of these individuals (or their replacements from time to time) who are not obligated to remain employed with or consultants of the Investment Manager, and the Investment Manager's ability to recruit and retain personnel. A failure of the Investment Manager to retain or recruit appropriately qualified personnel may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

If the Investment Management Agreement is terminated, the Directors would have to find a replacement investment manager for the Company and there can be no assurance that a replacement with the necessary skills and experience could be appointed on terms acceptable to the Company.

The loss of key members of the Investment Manager's forestry team might have a negative impact on the Company's ability to achieve its investment objective

The Company depends to a material extent on the experience, diligence, skill and network of business contacts of the Investment Manager's forestry team and the information and deal flow that they generate during the normal course of their activities. The key members of the Investment Manager's forestry team are Richard Kelly, Robert Guest, Julian Elsworth and the Nominee (or such other person(s) as may be approved as a replacement by the Board (such approval not be unreasonably withheld) from time to time) (the "**Key Persons**" and each a "**Key Person**") and in the event that these individuals were to cease to be engaged by the Investment Manager and/or cease to be actively engaged in the performance of the management of the portfolio this may have a negative impact on the Company's ability to achieve its investment objective.

In addition, under the terms of the Investment Management Agreement, in the event that two or more of the Key Persons (or an approved replacement) were to cease to be engaged by the Investment Manager and/or cease to be actively engaged in the performance of the management of the portfolio (a "**Key Person Event**") this would give rise to the right for the Company to terminate the Investment Management Agreement, save that the Investment Manager shall have the opportunity to nominate (a) suitable replacement(s) of the relevant Key Person(s) within 6 months of the occurrence of the Key Person Event, the approval of which replacement shall not be unreasonably withheld by the Board. Any such change in relation to the Investment Manager's

forestry team may have a material adverse effect on the performance of the Company, the Net Asset Value and the price of the Ordinary Shares.

The resources of the Investment Manager are not solely dedicated to activities in which the Group is engaged and the Investment Manager will allocate resources to activities in which the Group is not engaged, which might have a negative impact on the Company's ability to achieve its investment objective

The Investment Manager is not required to commit all of its resources (or that any of its resources are solely dedicated) to the Group's affairs and may allocate its resources to other business activities. In the event that the Investment Manager devotes more of its resources to its responsibilities in relation to other business interests, its ability to devote resources and attention to the Group's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Investment Manager and its affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Group and may be subject to conflicts of interest in respect of their activities on behalf of the Group

The Investment Manager and its officers, employees and consultants are involved in other activities which may on occasion give rise to conflicts of interest with the Group. In particular, the Investment Manager and its officers, employees and consultants may from time to time act for other clients or manage or advise other funds, which may have similar investment objectives and policies to that of the Company. In accordance with the Investment Management Agreement, in the event of a conflict between the Company and the Investment Manager, the Investment Manager is obliged to take reasonable steps to ensure that the conflict is resolved fairly, in accordance (so far as applicable in the circumstances) with applicable FCA rules. If these conflicts of interest are managed to the detriment of the Company by the Investment Manager, they could have a material adverse effect on the performance of the Company, the Net Asset Value and the price of the Ordinary Shares.

The past performance of funds managed by the Investment Manager is not an assurance or an indication of the future performance of the Company

The information contained in this document relating to the prior performance of funds managed by the Investment Manager and other members of Foresight Group is being provided for illustrative purposes only and is not indicative of the future performance of the Company. In considering the prior performance information contained in this document, prospective investors should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that the Company will achieve comparable results or be able to avoid losses.

RISKS RELATING TO REGULATION, TAXATION AND THE GROUP'S OPERATING ENVIRONMENT

Changes in laws or regulations governing the Group or the Investment Manager and their respective businesses may adversely affect the business and performance of the Group

The Group and the Investment Manager are subject to laws and regulations enacted by national and local governments.

The Group will be required to comply with certain legal and regulatory requirements that are applicable to UK investment trusts and investment companies whose shares are admitted to the Premium Listing Segment of the Official List and admitted to trading on the main market. The Investment Manager is subject to, and will be required to comply with, certain regulatory requirements set out in UK domestic legislation, rules and regulation, many of which could directly or indirectly affect the management of the Group.

The laws and regulations affecting the Group and the Investment Manager are evolving and any changes in such laws and regulations may have a material adverse effect on the ability of the Group and the Investment Manager to carry on their respective businesses. Any such changes could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Group may be subject to certain epidemic-related risks, such as the coronavirus (COVID-19)

The operation, maintenance and performance of Forestry Assets in which the Group may invest may be affected by the impact on the global economy and businesses that COVID-19 (or another pandemic or epidemic) is currently having or may have in the future. In addition, the forestry contractors used by the Group in connection with the operation and maintenance of its Forestry Assets could be materially adversely affected as a result of a prolonged and significant continued outbreak of COVID-19, such as through restrictions on availability of the workforce of that entity or any sub-contractor employed by that entity. Global capital markets have seen significant downturns and extreme volatility as a result of the COVID-19 pandemic. Such similar volatility and downturns could have an impact on the liquidity of the Ordinary Shares. Investors should be aware that if any of the global impacts of COVID-19 continue for a sustained period of time, and should any of the risks identified above materialise, it could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Changes in taxation legislation or practice may adversely affect the Group and the tax treatment for Shareholders investing in the Company

Any change in the Group's tax status, or in taxation legislation or practice in the United Kingdom or other jurisdictions to which the Group has exposure, could adversely affect the value of investments in the Group's portfolio and the Company's ability to achieve its investment objective, or alter the post-tax returns to Shareholders. In particular, any change to the tax advantaged status of the forestry industry in the United Kingdom could have a material adverse effect on the Group's forecast revenues and returns.

Statements in this document concerning the taxation of the Company and taxation of Shareholders are based upon current United Kingdom tax law and published practice, any aspect of which is in principle subject to change that could adversely affect the ability of the Company to pursue successfully its investment policy and/or which could adversely affect the taxation of the Company and the Shareholders.

It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions for approval of the Company by HMRC as an investment trust under section 1158 of the Corporation Tax Act 2010 and pursuant to regulations made under section 1159 of the Corporation Tax Act 2010. However, neither the Investment Manager nor the Directors can provide assurance that this approval will be obtained and/or subsequently maintained. The UK Investment Trust (Approved Company) (Tax) Regulations 2011 require an up-front application to be made for approval as an investment trust. Once approved, the Company will be treated as an investment trust during the accounting period current as at the time the application is made, and will continue to have investment trust status in each subsequent accounting period, unless the Company breaches the investment trust conditions so as to be treated as no longer approved by HMRC as an investment trust, pursuant to the regulations. Breach of such conditions could, as a result, lead to the Company being subject to UK tax on its capital gains.

Prospective investors should consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

Sustainable Finance Disclosure Regulation and sustainability risk

The Investment Manager integrates sustainability risks and opportunities into its research, analysis and investment decision-making processes. The Investment Manager believes that the consideration of sustainability risks and opportunities can have a material impact on long-term returns for investors. The Investment Manager's ESG integration requires, in addition to its inclusion in the investment decision making process, appropriate monitoring of sustainability considerations in risk management, portfolio monitoring, engagement and stewardship activities. The Investment Manager also engages with industry policymakers on ESG and stewardship matters. Combining the integration of sustainability risks and opportunities with broader monitoring and engagement activities may affect the value of the Group's Forestry Assets and therefore returns. In addition, sustainability risk may result in a negative impact on the value of the Group's investments. Sustainability risk is the risk that an environmental, social or governance event or condition could result in a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Company is not, and does not intend to become, regulated as an investment company under the U.S. Investment Company Act and related rules

The Company has not been and does not intend to become registered with the SEC as an “investment company” under the U.S. Investment Company Act and related rules. The U.S. Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies none of which will be applicable to the company or its investors. However, if the Company were to become subject to the U.S. Investment Company Act because of a change of law or otherwise, the various restrictions imposed by the U.S. Investment Company Act, and the substantial costs and burdens of compliance therewith, could adversely affect the operating results and financial performance of the Company. Moreover, parties to a contract with an entity that has improperly failed to register as an investment company under the U.S. Investment Company Act may be entitled to cancel or otherwise void their contracts with the unregistered entity and shareholders in that entity may be entitled to withdraw their investment.

RISKS RELATING TO THE SHARES

General risks affecting the Shares

The value of an investment in the Company, and the returns derived from it, if any, may go down as well as up and an investor may not get back the amount invested. The market price of the Shares, like shares in all investment companies, may fluctuate independently of the underlying Net Asset Value per Ordinary Share and the underlying Net Asset Value per C Share (as relevant) and may trade at a discount or premium to Net Asset Value per Ordinary Share and the underlying Net Asset Value per C Share (as relevant) at different times, depending on factors such as supply and demand for the Ordinary Shares and/or C Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of an Ordinary Share and/or a C Share may vary considerably from the Net Asset Value per Ordinary Share and the Net Asset Value per C Share (as relevant).

It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares and/or C Shares

The price at which the Ordinary Shares or C Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Initial Admission and any subsequent Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares and/or the C Shares. Consequently, the share price may be subject to greater fluctuation on small volumes of trading of Ordinary Shares or C Shares and the Ordinary Shares or C Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares or C Shares may not reflect the underlying Net Asset Value per Ordinary Share or underlying Net Asset Value per C Share (as relevant).

While the Directors retain the right to effect repurchases of Ordinary Shares, they are under no obligation to use such powers or to do so at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Shares in the market. There can be no guarantee that a liquid market in the Ordinary Shares and/or the C Shares will develop or that the Ordinary Shares and/or the C Shares will trade at prices close to the underlying Net Asset Value per Ordinary Share or underlying Net Asset Value per C Share (as relevant). Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value per Ordinary Share, Net Asset Value per C Share or at all.

The number of Ordinary Shares and/or C Shares to be issued pursuant to the Initial Issue and the Placing Programme is not yet known, and there may be a limited number of holders of Ordinary Shares and/or C Shares. Limited numbers and/or holders of Ordinary Shares and/or C Shares may mean that there is limited liquidity in the Ordinary Shares and/or C Shares which may affect: (i) an investor’s ability to realise some or all of his/her investment; and/or (ii) the price at which such investor can effect such realisation; and/or (iii) the price at which such Ordinary Shares and/or C Shares trade in the secondary market.

Each class of Ordinary Shares or C Shares may have a higher concentration of investments than the investment limits set out in the Company's investment policy

Each class of Ordinary Shares or C Shares will form a separate pool of assets and liabilities. In the case of each class of C Shares, it will remain a separate class of shares from the Ordinary Shares until Conversion.

Each class of C Shares will form a separate underlying pool of assets and liabilities from other classes of C Shares. The investment restrictions set out in the Company's investment policy, however, are measured against the gross assets of the Company as a whole without regard to which class of Ordinary Shares or C Shares they are attributable to. Consequently, a class of Ordinary Shares or C Shares may have a greater concentration in the assets attributable to that class of Ordinary Shares or C Shares than the investment limits set out in the Company's investment policy until all classes of C Shares issued under the Placing Programme have been converted into Ordinary Shares. This may result in a disproportionately large impact on one class of Shares over other classes of Shares.

The Company may issue additional Ordinary Shares that dilute existing Shareholders

Following the Initial Issue, subject to legal and regulatory requirements, the Company may issue additional Ordinary Shares pursuant to the Placing Programme. Any additional issuances by the Company, or the possibility of such issuances, may cause the market price of the existing Ordinary Shares to decline. Furthermore, the relative voting percentages of existing holders of Ordinary Shares who cannot or choose not to participate will be diluted by further issues of Ordinary Shares.

Future sales of Ordinary Shares could cause the market price of the Ordinary Shares to fall

Sales of Ordinary Shares or interests in the Ordinary Shares by significant investors could depress the market price of the Ordinary Shares. A substantial number of Ordinary Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Ordinary Shares. Both scenarios, occurring either individually or collectively, may make it more difficult for Shareholders to sell the Ordinary Shares at a time and price that they deem appropriate.

The Shares will be subject to significant transfer restrictions for investors in certain jurisdictions as well as forced transfer provisions

The Shares have not been registered and will not be registered in the United States under the U.S. Securities Act or under any other applicable securities laws. Moreover, the Shares are only being offered and sold outside the United States to non-U.S. Persons (as defined in Regulation S under the U.S. Securities Act), in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S.

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under section 3(42) of ERISA or the U.S. Tax Code; or (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to register or qualify under the U.S. Investment Company Act, and/or U.S. Investment Advisers Act of 1940, as amended and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act 1934, as amended and/or any laws of any state of the U.S. or other jurisdiction that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the U.S. Securities Exchange Act 1934, as amended; or (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the U.S. Tax Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act 1956, as amended or regulations or interpretations thereunder, or (vi) would cause the Company adverse consequences under the foreign account tax compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010, including the Company becoming subject to any withholding tax or reporting obligation (including by reason of the failure of the Shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligations), the Directors may require the holder of such shares to dispose of such shares and, if the Shareholder does not sell such shares, may dispose of such shares on their behalf. These restrictions may make it more difficult for a U.S. Person to hold and Shareholders generally to sell the Shares and may have a material adverse effect on the market value of the Shares.

IMPORTANT INFORMATION

GENERAL

No person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Shares other than those contained in this document and any supplementary prospectus published by the Company prior to Initial Admission (in the case of the Initial Issue) or the relevant Admission of any Shares issued pursuant to a Subsequent Placing under the Placing Programme and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company, the Investment Manager or Jefferies. Without prejudice to the Company's obligations under the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation and MAR, neither the delivery of this document nor any subscription for, or purchase of, Shares pursuant to the Initial Issue and/or the Placing Programme, under any circumstances, creates any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of, or subscription for Shares. Prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and an investment in the Shares.

This document should be read in its entirety before making any application for Shares. All Shareholders are entitled to the benefit of and are bound by and are deemed to have notice of, the provisions of the Articles.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction: (i) in which such offer or solicitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or solicitation. The distribution of this document and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document is received are required to inform themselves about and to observe such restrictions.

EU SUSTAINABLE FINANCE DISCLOSURE REGULATION

EU Regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "**EU Sustainable Finance Disclosure Regulation**").

The Investment Manager has determined that the Company is subject to Article 9 of the EU Sustainable Finance Disclosure Regulation.

An Article 9 fund is a fund that has sustainable investment as its objective or a reduction in carbon emissions as its objective.

FOR THE ATTENTION OF UNITED STATES RESIDENTS

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Shares in the United States. The Shares are being offered or sold outside the United States to non-U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Company has not

been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and any re-offer or resale of any of the Shares in the United States or to U.S. Persons may constitute a violation of U.S. law or regulation. Any person in the United States who obtains a copy of this document is requested to disregard it.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN CANADA, JAPAN, AUSTRALIA OR THE REPUBLIC OF SOUTH AFRICA

The offer and sale of Shares has not been and will not be registered under the applicable securities laws of Canada, Japan, Australia or the Republic of South Africa. Subject to certain exemptions, the Shares may not be offered to or sold within Canada, Japan, Australia or the Republic of South Africa or to any national, resident or citizen of such territories.

FOR THE ATTENTION OF UNITED KINGDOM INVESTORS

No Shares have been offered or will be offered pursuant to the Initial Issue or the Placing Programme to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which has been approved by the Financial Conduct Authority, except that the Shares may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of Jefferies for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA.

provided that no such offer of the Shares shall require the Company to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. For the purposes of this provision, the expression “an offer to the public” in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

In addition, Shares will only be offered to the extent that the Shares are permitted to be marketed in the UK pursuant to the UK AIFM Regime.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Relevant Member State, no Shares have been offered or will be offered pursuant to the Initial Placing or the Placing Programme to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Regulation, except that offers of Shares to the public may be made at any time under the following exemptions under the EU Prospectus Regulation:

- (a) to any legal entity which is a “qualified investor” as defined in the EU Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) in such Relevant Member State; or
- (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Shares shall result in a requirement for the publication of a document pursuant to Article 3 of the EU Prospectus Regulation in a Relevant Member State and each

person who initially acquires any Shares or to whom any offer is made under the Initial Placing or a Subsequent Placing will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(e) of the EU Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares.

The Investment Manager has made the notifications or applications and received, where relevant, approvals for the marketing of the Shares to “professional investors” (as defined in the EU AIFM Directive) in the Netherlands and the Republic of Ireland. Notwithstanding any other statement in the Prospectus, the Prospectus should not be made available to any investor domiciled in any Relevant Member State other than those cited above. Prospective investors domiciled in the EEA that have received the Prospectus in any Relevant Member States other than those cited above should not subscribe for Shares (and the Company reserves the right to reject any application so made, without explanation) unless: (i) the Investment Manager has confirmed that it has made the relevant notification or applications in that Relevant Member State and is lawfully able to market Shares into that Relevant Member State; or (ii) such investors have received the Prospectus on the basis of an enquiry made at the investor’s own initiative.

Notwithstanding that the Investment Manager may have confirmed that it is able to market Shares to professional investors in a Relevant Member State, the Shares may not be marketed to retail investors (as this term is understood in the EU AIFM Directive as transposed in the Relevant Member States) in that Relevant Member State unless the Shares have been qualified for marketing to retail investors in that Relevant Member State in accordance with applicable local laws. At the date of this document, the Shares are not eligible to be marketed to retail investors in any Relevant Member State. Accordingly, the Shares may not be offered, sold or delivered and neither this document nor any other offering materials relating to such Shares may be distributed or made available to retail investors in those countries.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE NETHERLANDS

The Shares are being marketed in the Netherlands under Section 1:13b of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the “**Wft**”). In accordance with this provision, the Investment Manager has notified the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*, the “**AFM**”) of its intention to offer the Shares in the Netherlands. This document is not addressed to or intended for, and the Shares are and may not be offered, sold, transferred or delivered, directly or indirectly, to or by, individuals or entities in the Netherlands other than individuals or entities that are qualified investors (*gekwalificeerde beleggers*) within the meaning of Section 1:1 of the *Wft*. As a consequence, neither the Investment Manager nor the Company is subject to the licence requirement for fund managers or investment institutions pursuant to the *Wft*. Consequently, the Investment Manager and the Company are only subject to limited supervision by the Dutch Central Bank (*De Nederlandsche Bank*, “**DNB**”) and the AFM for the compliance with the ongoing regulatory requirement as referred to in the Dutch law implementation of Article 42 of the EU AIFM Directive. In addition, no approved prospectus is required to be published in the Netherlands pursuant to Article 3 of the EU Prospectus Regulation, as amended and applicable in the Netherlands.

NOTICE TO PROSPECTIVE INVESTORS IN GUERNSEY

The Initial Placing and Placing Programme is available, and is and may be made, and is being provided in or from within the Bailiwick of Guernsey only:

- by persons licensed to do so (or permitted by way of exemption granted) by the Guernsey Financial Services Commission (the “**GFSC**”) under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended (the “**POI Law**”); or
- to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 by non-Guernsey bodies who: (i) carry on such promotion in a manner in which they are

permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of the GFSC, afford adequate protection to investors; and (ii) meet the criteria specified in section 29(1)(cc) of the POI Law; or

- as otherwise permitted by the GFSC.

The GFSC takes no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

The Initial Placing and Placing Programme and this document are not available in or from within the Bailiwick of Guernsey other than in accordance with the above paragraphs and must not be relied upon by any person unless made or received in accordance with such paragraphs.

NOTICE TO PROSPECTIVE INVESTORS IN JERSEY

The Initial Placing and/or any Subsequent Placing that is the subject of this document may only be made in Jersey where the Initial Placing and/or such Subsequent Placing is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey as the case may be. Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this offer and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company. By accepting this offer each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the offer. Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. Neither the Company nor the activities of any functionary with regard to the Company are subject to the provisions of the Financial Services (Jersey) Law 1998.

NOTICE TO PROSPECTIVE INVESTORS IN THE ISLE OF MAN

The Initial Placing and/or any Subsequent Placing is available, and is and may be made, in or from within the Isle of Man and this document is being provided in or from within the Isle of Man only:

- (a) by persons licensed to do so under the Isle of Man Financial Services Act 2008; or
- (b) in accordance with any relevant exclusion contained within the Regulated Activities Order 2011 (as amended) or exemption contained in the Financial Services (Exemptions) Regulations 2011 (as amended).

The Initial Issue and/or any Subsequent Placing referred to in this document and this document are not available in or from within the Isle of Man other than in accordance with the above paragraphs and must not be relied upon by any person unless made or received in accordance with such paragraphs.

NOTICE TO PROSPECTIVE INVESTORS IN OTHER JURISDICTIONS

The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

INTERMEDIARIES

Under the Intermediaries Offer, the Ordinary Shares are being offered to Intermediaries who will facilitate the participation of their retail investor clients (and any member of the public who wishes to become a client of that Intermediary) located in the United Kingdom, the Channel Islands and the Isle of Man. The Company consents to the use of this document in connection with any subsequent resale or final placement of securities by the Intermediaries in the United Kingdom, the Channel Islands and the Isle of Man on the following terms: (i) in respect of the Intermediaries who have been appointed prior to the date of this document, as listed in paragraph 11 of Part 9 of this document; and (ii) in respect of the Intermediaries who are appointed after the date of this document, a list of which appears on the Company's website, from the date on which they are appointed to participate in connection with any subsequent resale or final placement of securities

and, in each case, until the closing of the period for the subsequent resale or final placement of securities by the Intermediaries at 2 p.m. on 18 November 2021, unless closed prior to that date.

The Company accepts responsibility for the information in this document with respect to any subscriber for Shares pursuant to any subsequent resale or final placement of Shares by Intermediaries appointed by the Company.

The offer period within which any subsequent resale or final placement of securities by the Intermediaries can be made and for which consent to use this document is given commences on 28 October 2021 and closes at 2 p.m. on 18 November 2021, unless closed prior to that date (any such prior closure to be announced via a Regulatory Information Service).

Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent and the conditions attached thereto. Any application made by investors to any Intermediary is subject to the terms and conditions imposed by each Intermediary. Information on the terms and conditions of any subsequent resale or final placement of securities by any Intermediary is to be provided at the time of the offer by the Intermediary.

Any new information with respect to Intermediaries unknown at the time of approval of this document will be available on the Company's website at fsfc.foresightgroup.eu.

Further details of the Intermediaries Offer are set out at paragraph 2 of Part 6 of this document under the heading "Intermediaries Offer" and a list of the Intermediaries authorised as at the date of this document to use this document are set out at paragraph 11 of Part 9 of this document.

ELIGIBILITY FOR INVESTMENT BY UCITS OR NURS

The Company has been advised that the Shares should be "transferable securities" and, therefore, should be eligible for investment by UCITS or NURS on the basis that: (i) the Company is a closed-ended investment company incorporated in England and Wales as a public limited company; and (ii) the Shares are to be admitted to trading on the main market of the London Stock Exchange. The manager of a UCITS or NURS should, however, satisfy itself that the Shares are eligible for investment by that fund, including a consideration of the factors relating to that UCITS or NURS itself, specified in the rules of the FCA.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within PROD 3 of the FCA's Product Intervention and Product Governance Sourcebook (the "**Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares to be issued pursuant to the Initial Issue and Subsequent Placings are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in COBS 3.5 and 3.6 of the FCA's Conduct of Business Sourcebook, respectively; and (ii) eligible for distribution through all distribution channels as are permitted by the Product Governance Requirements (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: (a) the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; (b) an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Initial Issue and/or Subsequent Placings. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Jefferies will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of the FCA's Conduct of Business Sourcebook; or

(b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

PRIIPS REGULATION

In accordance with the PRIIPs Regulation, a Key Information Document in respect of the Ordinary Shares has been prepared by the Investment Manager and is available to investors at [fsc.foresightgroup.eu](https://www.fsc.foresightgroup.eu). If any C Shares are offered pursuant to the Placing Programme, a Key Information Document in respect of such C Shares will be prepared by the Investment Manager and will be available to investors at [fsc.foresightgroup.eu](https://www.fsc.foresightgroup.eu). If you are distributing the Ordinary Shares or any C Shares, it is your responsibility to ensure that the relevant Key Information Document is provided to any clients that are “retail clients” pursuant to the PRIIPs Regulation.

The Investment Manager is the only manufacturer of the Shares for the purposes of the PRIIPs Regulation and Jefferies is not a manufacturer for these purposes. Jefferies makes no representations, express or implied in respect of, and does not or accept any responsibility whatsoever for the contents of any Key Information Documents prepared by the Investment Manager. Furthermore, Jefferies does not accept any responsibility to update the contents of any Key Information Documents in accordance with the PRIIPs Regulation, to undertake any review processes in relation thereto or to provide such Key Information Documents to future distributors of Shares. Jefferies and its affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it or they might have in respect of any Key Information Documents prepared by the Investment Manager. Prospective investors should note that the procedure for calculating the risks, costs and potential returns in the Key Information Document are prescribed by laws. The figures in the Key Information Document may not reflect actual returns for the Shares and anticipated performance returns cannot be guaranteed.

DATA PROTECTION

The information that a prospective investor in the Company provides in documents in relation to a subscription for Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual (“**personal data**”) will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in compliance with: (a) the relevant data protection legislation and regulatory requirements of the United Kingdom (the “**DP Legislation**”); and (b) the Company’s privacy notice, a copy of which is available for consultation on the Company’s website at [fsc.foresightgroup.eu](https://www.fsc.foresightgroup.eu) (“**Privacy Notice**”) (and if applicable any other third party delegate’s privacy notice).

Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) in accordance with and for the purposes set out in the Privacy Notice which include:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company; and
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere or of any third party functionary or agent appointed by the Company.

Where necessary to fulfil the purposes set out above and in the Privacy Notice, the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) will:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to operate and administer the Company; and

- transfer personal data outside of the United Kingdom to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors provided that suitable safeguards are in place for the protection of such personal data, details of which are set out in the Privacy Notice or shall be otherwise notified from time to time.

The foregoing processing of personal data is required in order to perform the contract with the prospective investor, to comply with the legal and regulatory obligations of the Company or otherwise is necessary for the legitimate interests of the Company.

If the Company (or any third party, functionary or agent appointed by the Company, which may include, without limitation, the Registrar) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will ensure that adequate safeguards are in place for the protection of such personal data, details of which are set out in the Privacy Notice or shall be otherwise notified from time to time.

Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions. Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in the Privacy Notice.

PRESENTATION OF FINANCIAL INFORMATION

The Company is newly formed and as at the date of this document has not commenced operations and has no assets or liabilities which will be material in the context of the Initial Issue and, therefore, no financial statements have been prepared as at the date of this document. All future financial information for the Company will be prepared under IFRS.

Certain financial and statistical information contained in this document has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

PRESENTATION OF MARKET AND OTHER DATA

Market and economic data used throughout this document is sourced from various independent sources. The Company confirms that such data has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

CURRENCY PRESENTATION

Unless otherwise indicated, all references in this document to “£”, “pence” or “GBP” are to the lawful currency of the UK and all references in this document to “Euro” or “€” are to the currency adopted by those nations participating in the third stage of the economic and monetary union provisions of the Treaty on European Union, signed at Maastricht on 7 February 1992.

DEFINITIONS

Capitalised terms contained in this document shall have the meanings ascribed to them in Part 11 (*Glossary of Relevant Terms*) and Part 12 (*Definitions*) of this document, save where the context indicates otherwise.

EUROPEAN UNION LEGISLATION

If and when a European Union instrument is incorporated into the law of the United Kingdom, a reference to that European Union instrument in this document shall, except where the context requires otherwise, mean the European Union instrument as so incorporated and any enactment, statutory provision or subordinate legislation that from time to time (with or without modifications) re-enacts, replaces or consolidates it for the purposes of the law of the United Kingdom.

WEBSITES

Without limitation, neither the contents of the Company's or the Investment Manager's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's or the Investment Manager's website (or any other website) is incorporated into, or forms part of this document, or has been approved by the FCA. Investors should base their decision whether or not to invest in the Shares on the contents of this document and any supplementary prospectus published by the Company prior to Initial Admission (in the case of the Initial Issue) or the relevant Admission of any Shares issued pursuant to a Subsequent Placing under the Placing Programme alone.

GOVERNING LAW

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales.

FORWARD LOOKING STATEMENTS

This document contains forward looking statements, including, without limitation, statements containing the words "believes", "estimates", "anticipates", "expects", "intends", "may", "might", "will" or "should" or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including under the Prospectus Regulation Rules), the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority, including FSMA, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation and MAR.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 8 of Part 9 of this document.

EXPECTED TIMETABLE

Expected Initial Issue Timetable

Publication of this document and Initial Placing, Offer for Subscription and Intermediaries Offer open	28 October 2021
Latest time and date for applications under the Offer for Subscription (including the Intermediaries Offer)	11.00 a.m. on 18 November 2021*
Latest time and date for receipt of commitments under the Initial Placing	3.00 p.m. on 18 November 2021
Announcement of the results of the Initial Issue	8.00 a.m. on 23 November 2021
Initial Admission and dealings in the Ordinary Shares issued pursuant to the Initial Issue commence	8.00 a.m. on 24 November 2021
Crediting of CREST stock accounts in respect of the Ordinary Shares issued pursuant to the Initial Issue	24 November 2021
Where applicable, definitive share certificates despatched in respect of the Ordinary Shares	week commencing 6 December 2021 (or as soon as possible thereafter)

* Applicants under the Intermediaries Offer are advised to check with their Intermediary as certain Intermediaries will close their offer period sooner in the day

Expected Placing Programme Timetable

Placing Programme opens	24 November 2021
Announcement of the results of each Subsequent Placing	as soon as practicable after the closing of each Subsequent Placing pursuant to the Placing Programme
Admission and crediting of CREST stock accounts in respect of each Subsequent Placing	as soon as practicable after the closing of each Subsequent Placing pursuant to the Placing Programme
Share certificates despatched in respect of Shares issued pursuant to each Subsequent Placing (if applicable)	approximately one week after the Admission of Shares pursuant to a Subsequent Placing
Placing Programme closes and last date for Shares to be issued pursuant to the Placing Programme	27 October 2022

The dates and times specified are subject to change subject to agreement between the Company, the Investment Manager and Jefferies. All references to times in this document are to London time unless otherwise stated. Any changes to the expected timetable will be notified by the Company via a Regulatory Information Service.

INITIAL ISSUE AND PLACING PROGRAMME STATISTICS

Initial Issue Statistics

Issue Price per Ordinary Share	100 pence
Target number of new Ordinary Shares being issued	200 million
Initial Gross Proceeds*	£200 million
Estimated Net Proceeds*	£196 million
Estimated Net Asset Value per Ordinary Share at Initial Admission*	98 pence

* Assuming Initial Gross Proceeds of £200 million. The Minimum Gross Proceeds are £130 million (or such lesser amount as the Company, the Investment Manager and Jefferies agree). The number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the Initial Gross Proceeds and the Net Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service prior to Initial Admission. If the Initial Issue does not proceed (because the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager and Jefferies agree) are not raised or otherwise), subscription monies received will be returned without interest (at the risk of the applicant) to the applicant from whom the money was received, within 14 calendar days. In the event that such dates change, the Company will notify investors who have applied for Ordinary Shares of changes to the timetable either by post, by electronic mail or by the publication of a notice through a Regulatory Information Service.

Placing Programme Statistics

Maximum size of the Placing Programme	200 million Shares
Minimum Placing Programme Price in respect of Ordinary Shares	at least Net Asset Value per Ordinary Share (published or estimated, as applicable) plus a premium intended to at least cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions)
Placing Programme Price in respect of C Shares	100 pence

DEALING CODES

The dealing codes for the Ordinary Shares will be as follows:

ISIN	GB00BMDPKM71
SEDOL	BMDPKM7
Ticker	FSF

The dealing codes for the C Shares will be as follows:

ISIN	GB00BMDTQF47
SEDOL	BMDTQF4
Ticker	FSFC

DIRECTORS, MANAGEMENT AND ADVISERS

Directors (all non-executive)	Richard Davidson (<i>Chairperson</i>) Josephine Bush Sarika Patel Christopher Sutton all of the registered office below:
Registered Office	The Shard 32 London Bridge Street London SE1 9SG
Investment Manager, Administrator and Company Secretary	Foresight Group LLP The Shard 32 London Bridge Street London SE1 9SG
Sponsor, Global Coordinator and Sole Bookrunner	Jefferies International Limited 100 Bishopsgate London EC2N 4JL
Solicitors to the Company	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
Solicitors to the Sponsor, Global Coordinator and Sole Bookrunner	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG
Solicitors to the Investment Manager	RW Blears LLP 70 Colombo Street London SE1 8PB
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6AH
Receiving Agent	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6AH
Depositary	NatWest Trustee and Depositary Services Limited 250 Bishopsgate London EC2M 4AA
Reporting Accountants and Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

PART 1

INFORMATION ON THE COMPANY

1 INTRODUCTION

Foresight Sustainable Forestry Company Plc was incorporated on 31 August 2021 as a public company limited by shares. The Company intends to carry on business as an investment trust within the meaning of section 1158 and 1159 (and regulations made thereunder) of the CTA 2010.

The Company's investment objective is to generate an attractive net total return for Shareholders over the longer term, comprising capital growth and aperiodic dividends, targeting sustainable impact through predominantly investment in sustainably managed Forestry Assets (including both Standing Forests and Afforestation projects). The Company will seek to make a direct contribution in the fight against climate change through forestry and Afforestation carbon sequestration initiatives. The Company will seek to preserve and proactively enhance natural capital and biodiversity across its portfolio.

The Company is targeting an issue of up to 200 million Ordinary Shares pursuant to the Initial Issue comprising the Initial Placing, the Offer for Subscription and the Intermediaries Offer, to invest in accordance with the Company's investment objective and investment policy.

Blackmead Infrastructure Limited (a wholly-owned subsidiary of the Foresight Inheritance Tax Fund) has committed to make a cornerstone investment in the Initial Issue of 29.99 per cent. of the Ordinary Shares on Initial Admission subject to a maximum investment amount of £59.98 million and to possible scaling back in the event of the over subscription of the Initial Issue.

The Company has entered into the Option Agreement with Blackmead Infrastructure Limited pursuant to the terms of which the Company has the option to acquire the issued shares of Blackmead Forestry Limited ("BFL I") and Blackmead Forestry II Limited ("BFL II"), the holding companies for the Target Seed Forestry Assets from Blackmead Infrastructure Limited. The Target Seed Forestry Assets comprise a portfolio of c.11,000 hectares of both existing Standing Forests and Afforestation assets located in various parts of the UK. Further information relating to the Target Seed Forestry Assets is set out in Part 3 of this document. The option may be exercised at the discretion of Company and is subject to completion of due diligence, the agreement of a satisfactory purchase agreement and the approval of Shareholders.

The Company has an independent board of non-executive directors and has engaged Foresight Group LLP as the Company's alternative investment fund manager to provide portfolio and risk management services to the Company.

Applications will be made to the FCA and to the London Stock Exchange for all of the Ordinary Shares (issued and to be issued pursuant to the Initial Issue) to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market. It is expected that Initial Admission will become effective, and that dealings in the Ordinary Shares will commence, at 8.00 a.m. on 24 November 2021.

The Company is expected to qualify for the London Stock Exchange's Green Economy Mark following Initial Admission, which recognises companies that derive 50 per cent. or more of their total annual revenues from products and services that contribute to the global green economy.

2 INVESTMENT OBJECTIVE AND INVESTMENT POLICY

The Company's investment objective and investment policy are set out below.

Investment Objective

The Company will seek to generate an attractive net total return for Shareholders over the longer term, comprising capital growth and aperiodic dividends, targeting sustainable impact through predominantly investment in sustainably managed Forestry Assets (including Standing Forests and Afforestation assets). The Company will seek to make a direct contribution in the

fight against climate change through forestry and Afforestation carbon sequestration initiatives. The Company will seek to preserve and proactively enhance natural capital and biodiversity across its portfolio.

Investment Policy

The Company intends to achieve its investment objective by predominantly investing in a diversified portfolio of sustainable Forestry Assets, predominantly located in the UK.

“**Forestry Assets**” are land assets where stands of trees have a canopy cover of at least 20 per cent. of land area (“**Standing Forests**”), or have the potential to achieve this through new planting (“**Afforestation**”) initiatives. These Forestry Assets may be used for planting, maintaining and growing trees for commercial production of timber or other forest products (“**Commercial Forestry**”) or for non-commercial purposes (“**Non-Commercial Forestry**”) and in both cases may include areas where a community of naturally occurring tree species regenerate by natural (i.e. without intervention) means (“**native woodland**”) and areas that are left unplanted with trees (“**open ground**”).

The Group will seek to acquire a mixture of cash flow generating sustainable Forestry Assets representing a mixture of Standing Forests (of varying age classes) together with land suitable for Afforestation projects (representing both Commercial Forestry projects and Non-Commercial Forestry projects) to achieve a balanced portfolio with an optimal harvesting and capital growth profile.

Diversification within the Group’s portfolio will be achieved by:

- (i) investing in a range of individual underlying Forestry Assets, each of which will be capable of separate disposal;
- (ii) investing in different types of Forestry Assets (both Standing Forests and Afforestation projects) with a range of ages classes and harvesting profiles;
- (iii) where possible, seeking diversification in tree species and a blend of Commercial Forestry and Non-Commercial Forestry (including native woodland and open ground) across the overall portfolio;
- (iv) engaging with a range of different off-takers for the Group’s harvested timber; and
- (v) achieving a geographic spread across the underlying Forestry Assets.

Although the Group’s revenues will primarily be generated by the sale of harvested timber and, in due course, the sale of Carbon Credits, where appropriate and practicable, the Group will also seek to generate ancillary non-core revenue streams from its Forestry Assets, including, but not limited to, the leasing or licencing of land to third parties for agricultural, sporting and tourism activities, the leasing of land to third parties for renewable energy and/or energy storage and/or telecommunications development projects (such as the erection of wind turbines or mobile telecommunications towers) and, if a future market develops, the sale of biodiversity credits.

The Company will gain exposure to Forestry Assets indirectly through its holding of equity interests in underlying asset holding companies. The Company will invest via equity or debt interests in such asset holding companies. The asset holding companies will use the funds received by the Company to acquire Forestry Assets directly or indirectly through intermediate holding companies.

Returns generated by the asset holding companies (either from the sale of harvested timber, the sale of Carbon Credits or from ancillary non-core revenue sources) will either be retained by the relevant asset holding companies and reinvested or paid to the Company in the form of dividend distributions or the payment of interest on intra-group debt.

The Group may acquire freehold or leasehold interests in Forestry Assets or may acquire the shares in corporate entities holding such Forestry Assets.

Investments in Forestry Assets will typically entail 100 per cent. ownership by the Group. The Group may, however, enter into joint venture arrangements alongside one or more co-investors where the Investment Manager, in consultation with the Board, believes it is in the Group’s best interests to do so (such as where an investment opportunity is too large for the resources

of the Group on its own, to share risk or where a joint venture arrangement will optimise returns for the Group). In the case of such co-investments, the Group will target retaining a control position, where this is possible, or, where this is not possible, will have strong minority investor protections and governance rights.

In addition, as part of a transaction to acquire Forestry Assets, the Group may end up owning ancillary non-forestry related assets, including, but not limited to, residential land and buildings, vehicles, equipment, agricultural outbuildings and small-scale renewable energy assets (together “**Non-Core Assets**”). Where appropriate and beneficial to the overall strategy, the Group will look to realise the value of any Non-Core Assets over time for the benefit of Shareholders.

The Investment Manager will have overall responsibility for asset managing the Group's Forestry Assets (including any ancillary non-core revenue streams) and Non-Core Assets. The Group will also appoint appropriate specialist third party forestry management companies who will be responsible for the day to day physical management of the Group's Forestry Assets, including harvesting and planting activity.

Investment restrictions

The Company will invest and manage its assets with the objective of spreading risk and, in doing so, will maintain the following investment restrictions:

- no single Forestry Asset will represent more than 15 per cent. of Gross Asset Value (with two or more Forestry Assets which are directly adjacent being treated as a single asset), save that the Board may approve the increase of this limit up to 25 per cent. of Gross Asset Value on an exceptional basis where considered appropriate to cater for a larger scale strategic Forestry Asset investment;
- at least 90 per cent. of Gross Asset Value shall be invested in Forestry Assets located in the United Kingdom;
- no more than 10 per cent. of Gross Asset Value may be invested in Forestry Assets located in EEA countries;
- the maximum exposure to Afforestation projects will not exceed, in aggregate, 50 per cent. of Gross Asset Value;
- the maximum exposure to Non-Core Assets will not exceed, in aggregate, 10 per cent. of Gross Asset Value; and
- the Company will not invest in other listed investment companies.

In accordance with the requirements of the Listing Rules, the Company will not undertake any trading activity which is material in the context of the Group as a whole.

The investment restrictions set out above apply following full investment of the Initial Net Proceeds. Compliance with the above investment limits will be measured at the time of investment and non-compliance resulting from changes in the price or value of assets following investment will not be considered as a breach of the investment limits.

Borrowing policy

The Directors may use gearing to enhance the potential for income returns and long-term capital growth, and to provide capital flexibility. If used, it is expected that gearing will primarily be used on a short-term basis, for liquidity and working capital purposes (including, but not limited to, for the payment of fees to the Investment Manager) or to finance the acquisition of investments. However, the Board will always follow a prudent approach for the asset class with regards to gearing, and the Company will maintain a conservative level of aggregate borrowings that will not exceed 30 per cent. of Gross Asset Value, calculated at the time of draw down. The Board will keep the level of borrowings under review.

Hedging and derivatives

The Company will not employ derivatives for investment purposes. Derivatives may however be used for efficient portfolio management.

Cash management

The Company may hold cash on deposit for working capital purposes and awaiting investment and, as well as cash deposits, may invest in cash equivalent investments, which may include government issued treasury bills, money market collective investment schemes, other money market instruments and short-term investments in money market type funds (“**Cash and Cash Equivalents**”). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position.

Changes to and compliance with the investment policy

Any material change to the Company’s investment policy set out above will require the approval of the FCA and Shareholders by way of an ordinary resolution at a general meeting.

In the event of a breach of the investment guidelines and/or the investment restrictions set out above, the Investment Manager shall inform the Board as soon as practicable upon becoming aware of any breach. If the Board considers the breach to be material, notification will be made through an announcement via a Regulatory Information Service.

3 SUSTAINABILITY AND ESG

Sustainability and the sustainable management of Standing Forests and Afforestation projects will be central to the Company’s investment strategy. Sustainable forestry (including Afforestation) is a truly green asset class being nature-based and offering significant biodiversity potential. As trees grow they absorb and store CO₂ and the UK government has recognised that planting new forests will be a key contributor to achieving the UK’s net zero emissions targets by 2050. Forestry’s role in both national and international decarbonisation agendas is well documented, to which the Group’s proposed portfolio of Forestry Assets is intended to make a material contribution.

A new study² published by representatives of Bangor University (School of Natural Sciences) in Wales, the Government of British Columbia in Canada and the University of Limerick (Bernal Institute, School of Engineering) in the Republic of Ireland indicates that expanding commercial conifer forestry in the UK through woodland creation would be the most efficient strategy for achieving climate change mitigation. The study found that the contribution of woodland to mitigation of climate change is maximised when the harvested wood is utilised in structural materials with a long life span. The researchers note that such use of wood also “buys time”, i.e., delaying the final use of combustion for bioenergy, allowing carbon capture and storage technologies to be further developed and deployed and could enable the CO₂ emission from combustion to be locked up permanently. The considerable yield advantage (i.e. biological growth rate) of conifer species such as Sitka spruce over native broadleaves on soil less suitable for agriculture is another factor in the crucial role it can play in the climate change battle. The researchers note that such use of wood also “buys time”, i.e. delaying the final use of combustion for bioenergy, allowing carbon capture and storage technologies to be further developed and deployed, thus enabling further permanent capture and storage of CO₂ emissions from eventual combustion. The considerable yield advantage (i.e. biological growth rate) of conifer species such as Sitka spruce over native broadleaves on soil less suitable for agriculture is another factor in the crucial role it can play in the climate change battle. Having run a range of forecasts including variations in woodland type, waste hierarchy and bioenergy focused wood use, the report concludes that planting 30,000 hectares of commercial forestry per annum (until 2050) has more than triple the emissions mitigation potential than a semi-natural broadleaf conservation forest of equivalent size.

The choice of thinning regime, harvesting and crop rotation decisions, understorey management, species selection at point of re-stocking and soil management can all play a part in the overall productivity and efficiency of a forest. Modern forestry techniques are generating accelerated rates of tree growth and higher overall forest timber productivity.

² Forster, Healey, Dymond & Styles – Commercial afforestation can deliver effective climate change mitigation under multiple decarbonisation pathways. Nature Communications, (2021) 12:3831.

Foresight does not believe that leaving Commercial Forestry standing until they reach full maturity is the optimal way to address the climate crisis. Once commercial conifers reach maturity they become much more susceptible to damage from wind blow and eventually will expire and decompose releasing greenhouse gases (aside from some elements of carbon that the soil re-absorbs as part of the composting process). The risk of forest fire and bark beetle attack also becomes higher if commercial forests are left to reach maturity and decompose, as commercial forests are not designed to function in that way.

Commercial forests managed by Foresight Group include long term commercial forestry retention zones, native broadleaf areas, areas of open ground, areas of open and running water, areas of rich natural habitat and peatland areas which are not commercially focused. Some areas within forest properties lend themselves more to natural capital enhancement and restoration projects than they do to commercial forestry focus.

Substituting timber products for fossil fuel intensive materials can create further climate benefits. Harvesting trees and using them for various products ensures the stored carbon is locked up for decades. Replacing materials heavily dependent on fossil fuels (such as aluminium, cement or steel) with sustainable timber materials provides additional carbon displacement benefits. Materials such as cement, steel and aluminium are fossil fuel intensive to create – releasing CO₂ into the atmosphere. By substituting such materials with timber products, the release of CO₂ is avoided.

The Group's forestry aims will be to:

- protect the natural environment;
- seek biodiversity enhancement in parallel with sustainable commercial timber production;
- maximise timber production to displace alternative unsustainable materials;
- make a positive contribution to CO₂ sequestration through material Afforestation which will sequester additional carbon versus current baseline; and
- support the rural economy through Commercial Forestry operations.

If the Group is successful in these aims it will generate a substantial climate change impact. The Investment Manager will use the latest techniques and practices, when these can reasonably be reliably and economically implemented, to monitor and report this impact to Shareholders as the Group progresses, grows and executes its strategy.

In addition to the contribution to the fight against climate change, properly planned and managed Commercial Forestry properties offer other ESG benefits:

- protected areas of rich natural habitat and biodiversity;
- clean water benefits;
- soil erosion, flood and landslide resilience;
- supporting rural jobs;
- supporting the UK economy through trade of timber; and
- active engagement enabling educational and health benefits for local communities.

Foresight Group will report on Sustainability and ESG as part of its service to the Company. As part of that, Foresight will keep a Natural Capital Inventory for each forest which can be aggregated into a portfolio-wide data set. As well as delivering best in class and generally beneficial Sustainability and ESG credentials for Shareholders, the keeping of these records and the carrying out of such enhancement projects (measured against a strong baseline dataset) will also potentially allow a further financial business upside opportunity for the Group in the form of biodiversity credits. Foresight Group expects this nascent market to develop in a format similar to Carbon Credits.

The Group's approach to sustainable forest management will be multi-faceted, all aspects of which will aim to fulfil or surpass the requirements stipulated within the EU's Taxonomy for Sustainable Activities (the "EU Taxonomy").

The EU Taxonomy is a classification system that stipulates a list of environmentally sustainable economic activities as a means of enabling the scale up of sustainable investment to help implement the European Green Deal. It intends to create security for investors and protect them from “greenwashing”, whilst helping to shift capital to where it is most needed.

The timetable of the EU Taxonomy is as follows:

- Taxonomy Regulation published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020, detailing six environmental objectives:
 - climate change mitigation;
 - climate change adaptation;
 - sustainable use and protection of water and marine resources;
 - transition to a circular economy;
 - pollution prevention and control; and
 - protection and restoration of biodiversity and ecosystems.
- The first Delegated Act on sustainable activities (including forestry) covering the first two environmental objectives (climate change mitigation and adaptation) was approved in principle on 21 April 2021, and formally adopted on 4 June 2021 for scrutiny by the co-legislators and accepted as such on 6 July 2021.
- A second Delegated Act for the remaining four environmental objectives is due to be published in 2022.

Commercial Forestry (including Afforestation) activities are amongst the first activities to be listed under the “climate change mitigation” environmental objective of the Delegated Act. The Technical Annex details the criteria that need to be met for a forestry/Afforestation asset to be considered sustainable. As a summary, these criteria are tantamount to:

- a forest management plan is in place for > 10 years;
- Sustainable Forest Management structures are in place (whether nationally determined or internationally recognised (e.g. FSC/PEFC));
- land of high carbon stock is protected;
- carbon stock of the forests is measured and maintained or improved;
- land use change is avoided;
- climate change resilience is assessed and appropriately mitigated;
- environmental screening has been conducted to preserve water and biodiversity;
- pesticides and fertiliser use is minimised; and
- The International Labour Organisation’s eight fundamental principles are adhered to.






The principal aspects that will feed into the assessment of a forest’s alignment with the EU Taxonomy are:

1. **FSC / PEFC Certification:** certification by one of the two bodies involves an audit of a forest’s management by an independent organisation to check that it meets internationally and nationally agreed standards of responsible forest management. Both organisations define standards based on agreed principles for responsible forest stewardship that are supported by environmental, social, and economic stakeholders. The Group will target double forestry certification from the FSC and PEFC on all Forestry Assets within 12 months of acquisition.

2. **Carbon Inventory:** the Investment Manager will run an inventory of the forests' key characteristics (size, tree species, spacing, etc.). Using the Woodland Carbon Code's industry standard Carbon Values table, this will allow both the accurate calculation of the portfolio's carbon content and enable forecasting of the rates of carbon sequestration at an individual forest, or at the portfolio level. Performing this task on a periodic basis will therefore satisfy the EU Taxonomy's requirement to maintain or improve overall carbon stock.
3. **Natural Capital Assessment:** the Investment Manager will work with third-party service providers to understand the land holding's natural capital biodiversity performance and potential. These third-party assessments will inform decision making on where and how to improve each forest's sustainability, biodiversity and natural capital performance until the land holding has reached its full potential in terms of the ecosystem services it can offer. Furthermore, the Investment Manager's in-house Sustainability Evaluation Tool (SET) is able to assess similar characteristics and will largely be performed at the asset holding company level.

The Investment Manager will undertake ongoing monitoring of the Group's Forestry Assets to enable sustainable performance optimisation through active asset management and certification. The asset management activity will leverage Foresight Group's Sustainable Asset Management Platform, consisting of 56 people with experience in managing over 260 sustainable infrastructure assets, members of which will work with forestry investment professionals to deliver the investment strategy whilst providing best in class investment reporting, monitoring and asset optimisation.

As part of this reporting, the Investment Manager will use the universally accepted framework of the UN Sustainable Development Goals (“SDGs”) to report on the Group’s sustainable impact. The SDGs and the underlying targets that the Group’s portfolio of Forestry Assets will contribute to are detailed below:

Goal	SDG Target	Contribution
	3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	Number of tonnes of pollutants³ removed from the atmosphere including: NOx (Nitrous Oxide) SOx (Sulphur Dioxide) PM10 (µm10 Particulate Matter) PM2.5 (µm2.5 Particulate Matter) Ground-level O-zone
	6.6 Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.	Number of hectares of sustainably managed forests Number of kilometres of sustainably managed watercourses
	12.2 Achieve the sustainable management and efficient use of natural resources.	Number of tonnes of sustainably grown, standing timber. Percentage of Commercial Forestry projects are dual FSC and PEFC certified within 12 months of acquisition.
	13.3 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	Portfolio sequestration of number of t CO₂e² / annum. Annual sequestration of number of t CO₂e / ha. Annual sequestration of number of t CO₂e / stocked ha.
	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	Number of hectares of sustainably managed forests Of which Number of hectares are long-term, mixed broadleaf carbon sinks; and Number of hectares are SSSIs⁴

4 TARGET RETURN AND DIVIDEND POLICY

The Company is targeting a Net Asset Value total return of more than CPI + 5 per cent. per annum on a rolling five year basis, based on Net Asset Value once the Company is substantially invested.

The Company intends to invest in Forestry Assets with cash flow typically re-invested for further accretive growth.

The Company intends to pay dividends in order to satisfy the ongoing requirements under the Investment Trust (Approved Company) (Tax) Regulations 2011 for it to be approved by HMRC as an investment trust save that, in the medium term, the Group’s Forestry Assets may also generate free cash flow which the Company may decide not to re-invest and, in such case(s), the Company currently intends to distribute these amounts to Shareholders.

³ Based on 84.kg pollutant removal / hectare (Office for National Statistics, Woodland natural capital accounts, UK 2020).

⁴ Sites of Special Scientific Interest.

Distributions made by the Company may take either the form of dividend income or may be designated as interest distributions for UK tax purposes. Prospective investors should note that the UK tax treatment of the Company's distributions may vary for a Shareholder depending on the classification of such distributions. In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

Prospective investors who are unsure about the tax treatment which will apply to them in respect of any distributions made by the Company should consult their own tax advisers.

The return target stated above is a target only and not a profit forecast. There can be no assurance that this target will be met and should not be taken as an indication of the Company's expected future results. The Company's actual returns will depend upon a number of factors, including but not limited to the size of the Initial Issue, the rate of inflation, the Company's actual performance and the level of ongoing charges.

Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Company and should decide for themselves whether or not the return target is reasonable or achievable.

In addition, the Company may in the future explore the possible distribution of Carbon Credits "in specie" to Shareholders, however, there can be no assurance that this will be achievable and Shareholders should not place any reliance on any such distributions occurring in deciding whether or not to invest in the Company.

Investors should note that references in this paragraph to "dividends" and "distributions" are intended to cover both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts.

5 NET ASSET VALUE

The Net Asset Value is the value of all assets of the Company less its liabilities to creditors (including provisions for such liabilities) determined in accordance with the Company's valuation methodology.

Publication of Net Asset Value per Ordinary Share (and Net Asset Value per C Share, where applicable)

The unaudited Net Asset Value will be calculated in Sterling by the Investment Manager on a semi-annual basis, as described below and based on valuations provided by the Company's forestry valuers. The Net Asset Value per Ordinary Share (and Net Asset Value per C Share, where applicable), calculated by dividing the relevant Net Asset Value by the number of Ordinary Shares (or C Shares, where applicable) in issue (excluding Ordinary Shares (or C Shares, where applicable) held in treasury), will be published via an RIS and made available on the Company's website as soon as practicable thereafter.

Valuation Methodology

The Board has delegated responsibility for carrying out the fair valuation of the Company's Portfolio to the Investment Manager. The valuation of the portfolio will be prepared by the Investment Manager's Valuation Committee and will then be presented to the Board for its approval and adoption.

In connection with the valuation process, the Company will use an independent professional valuer to value the Group's Forestry Assets on a semi-annual basis. These valuations will follow the Royal Institution of Chartered Surveyors (RICS) Red Book principles and will underlie the yearly adjustments to the Net Asset Value. Any Non-Core Assets will be valued appropriately by qualified professionals, as applicable.

The valuations will be carried out on a semi-annual basis reporting to a date of 31 March and 30 September (being the financial half-year end and the financial year end respectively) each year and will be reported to Shareholders in the Company's annual report.

Suspension of the calculation of the Net Asset Value

The calculation of the Net Asset Value (and Net Asset Value per Ordinary Share and Net Asset Value per C Share, as applicable) will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a systems failure of the Investment Manager) which prevents the Investment Manager from making such calculations. Details of any suspension in making such calculations will be announced through an RIS as soon as practicable after any such suspension occurs.

6 REPORTS, ACCOUNTS AND MEETINGS

The audited accounts of the Company will be prepared in Sterling under IFRS. The Company's annual report and accounts will be prepared up to 30 September each year, with the first accounting period of the Company ending on 30 September 2022. It is expected that copies of the report and accounts will be published by the end of January each year and copies sent to Shareholders. The Company will also publish an unaudited half-yearly report covering the six months to 31 March each year, which is expected to be published within the following three months. The first financial report and accounts that the Company will publish will be interim accounts for the period ending on 31 March 2022 (covering the period from incorporation of the Company).

The financial report and accounts and unaudited half-yearly report, once published, will be available for inspection on the Company's website (fsfc.foresightgroup.eu).

The Company will hold its first annual general meeting by 28 February 2023 and will hold an annual general meeting each year thereafter. Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders.

7 SHARE CAPITAL MANAGEMENT

The Board intends to seek to limit, as far as practicable, the extent to which the market price of the Ordinary Shares diverges from the Net Asset Value per Ordinary Share.

Premium Management

Once the Net Proceeds have been fully invested, the Company intends to implement the Placing Programme. In addition to raising capital, Ordinary Shares or C Shares may be issued pursuant to the Placing Programme or otherwise to seek to manage the premium to Net Asset Value per Ordinary Share at which the Ordinary Shares trade. The Directors may issue, in aggregate, up to 200 million Shares (being Ordinary Shares and/or C Shares) pursuant to the Placing Programme. Shareholders' pre-emption rights over this unissued share capital have been disapplied so that the Directors will not be obliged to offer any new Shares under the Placing Programme to Shareholders *pro rata* to their existing holdings; this ensures that the Company retains full flexibility, following Initial Admission, in issuing new Shares to investors. The minimum price at which Ordinary Shares may be issued is the prevailing Net Asset Value per Ordinary Share (published or estimated, as applicable) at the time a Subsequent Placing is announced plus a premium intended to at least cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions). C Shares (if any) issued pursuant to this authority will be issued at 100 pence per C Share.

Further details of the Placing Programme are set out in Part 7 of this document. Investors should note that the issuance of new Shares is entirely at the discretion of the Board, and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of new Shares that may be issued.

Discount Management

Repurchase of Ordinary Shares

The Directors will consider repurchasing Ordinary Shares in the market if they believe it to be in Shareholders' interests and as a means of correcting any imbalance between the supply of, and demand for, the Ordinary Shares.

A special resolution has been passed granting the Directors authority to repurchase up to 14.99 per cent. of the Company's issued Ordinary Share capital immediately following Initial Admission during the period expiring on the conclusion of the earlier of the Company's first annual general meeting and 31 March 2023. Renewal of this buy-back authority will be sought at each annual general meeting of the Company or more frequently if required. Ordinary Shares purchased by the Company may be held in treasury or cancelled.

The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market quotations for the five Business Days before the purchase is made, and (ii) the higher of, (a) the price of the last independent trade, and (b) the highest current independent bid for Ordinary Shares on the London Stock Exchange at the time the purchase is carried out. In addition, the Company will only make such repurchases through the market at prices (after allowing for costs) below the relevant prevailing published Net Asset Value per Ordinary Share under the guidelines established from time to time by the Board.

With effect from the first anniversary of full deployment of the Net Proceeds, if the Ordinary Shares trade, over any 12-month rolling period, at an average discount of 5 per cent. or more to the Net Asset Value per Ordinary Share, it will be the Board's intention to use any uninvested cash, or cash in excess of scheduled dividend payments to undertake share buy backs, subject at all times to any legal requirements, the Company's working capital position and taking into account any other economic factors that the Board considers prudent to take into account at the relevant time.

Shareholders should note that the purchase of Ordinary Shares by the Company is at the absolute discretion of the Directors and is subject to the working capital requirements of the Company and the amount of cash available to the Company to fund such purchases. Accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

Treasury Shares

Any Ordinary Shares repurchased may be held in treasury. The Companies Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. These shares may be subsequently cancelled or sold for cash. This would give the Company the ability to reissue Ordinary Shares quickly and cost efficiently, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

No Ordinary Shares will be sold from treasury at a price less than the Net Asset Value per Ordinary Share at the time of sale unless they are first offered *pro rata* to existing Shareholders.

Continuation resolution

In accordance with the Articles, the Directors are required to propose an ordinary resolution, at the annual general meeting of the Company to be held following the fifth anniversary of Initial Admission, that the Company continues its business as presently constituted (the "**Initial Continuation Resolution**"). In addition, the Articles provide that the Directors will propose an ordinary resolution that the Company continue its business as presently constituted at each fifth annual general meeting thereafter (a "**Continuation Resolution**").

If the Initial Continuation Resolution or any subsequent Continuation Resolution is not passed, the Directors will put forward proposals for the reconstruction or reorganisation of the Company to Shareholders for their approval as soon as reasonably practicable following the date on which the Initial Continuation Resolution or any Continuation Resolution (as the case may be) is not passed. These proposals may or may not involve winding up the Company and, accordingly, failure to pass the Initial Continuation Resolution or any Continuation Resolution will not necessarily result in the winding up of the Company.

8 THE TAKEOVER CODE

The Takeover Code applies to the Company.

Given the existence of the proposed buyback powers described in the paragraphs above, there are certain considerations that Shareholders should be aware of with regard to the Takeover Code.

Under Rule 9 of the Takeover Code, except with the consent of the Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with that person are interested) carry 30 per cent. or more of the voting rights of a company; or (b) any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with that person, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which that person is interested, such person shall extend offers, on the basis set out in Rules 9.3 and 9.5 of the Takeover Code, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable; the Panel should be consulted in advance in such cases.

An offer will not be required under Rule 9 where control of the offeree company is acquired as a result of a voluntary offer made in accordance with the Takeover Code to all the holders of voting equity share capital and other transferable securities carrying voting rights.

Under Rule 37 of the Takeover Code when a company redeems or purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9. Rule 37 of the Takeover Code provides that, subject to prior consultation, the Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders, on a poll, approving such waiver. Appendix 1 to the Takeover Code sets out the procedure which should be followed in obtaining that consent of independent shareholders.

Under Note 1 to Rule 37.1 of the Takeover Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's redemption or purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, acting in concert with any of the directors. A person who has appointed a representative to the board of the company, and investment managers of investment trusts, will be treated for these purposes as a director. However, there is no presumption that all the directors (or any two or more directors) are acting in concert solely by reason of a proposed redemption or purchase by the company of its own shares, or the decision to seek shareholders' authority for any such redemption or purchase. Note 1 to Rule 37.1 of the Takeover Code will not exempt Blackmead Infrastructure Limited (or its concert parties) from the effects of Rule 37.1 of the Takeover Code as it is presumed to be acting in concert with the Investment Manager.

The proposed buyback powers could have implications under Rule 9 of the Takeover Code for Shareholders with significant shareholdings. Prior to the Board implementing any share buyback the Board will seek to identify any Shareholders who they are aware may be presumed to be acting in concert under Note 1 of Rule 37.1 of the Takeover Code and will seek an appropriate waiver from the Panel pursuant to Rule 37.1. However, neither the Company, nor any of the Directors, nor the Investment Manager will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fail(s) to take appropriate action.

The position of Blackmead Infrastructure Limited

Following Initial Admission, it is intended that Blackmead Infrastructure Limited (a wholly-owned subsidiary of the Foresight Inheritance Tax Fund) will hold 29.99 per cent. of the Company's voting Ordinary Shares in issue.

Any acquisitions of additional voting Shares or interests in voting Shares by Blackmead Infrastructure Limited would trigger a mandatory offer under Rule 9 of the Takeover Code.

A special resolution has been passed, in accordance with the Company's discount management policy as described in Part 1 of this document, granting the Directors authority to repurchase up to 14.99 per cent. of the Company's issued Ordinary Share capital (the "**Buyback Authority**") immediately following Initial Admission during the period expiring on the conclusion of the earlier of the Company's first annual general meeting and 31 March 2023.

If, prior to such expiry:

- (a) the Company were to exercise the Buyback Authority in full; and
- (b) none of the Ordinary Shares which Blackmead Infrastructure Limited holds are purchased by the Company under the Buyback Authority and no voting Shares had been issued by the Company between the date of Initial Admission and the date that the authority is fully exercised,

then the aggregate holding of Blackmead Infrastructure Limited in the voting rights of the Company would increase to approximately 35.28 per cent. This increase would be less to the extent that any of the Ordinary Shares which Blackmead Infrastructure Limited holds are purchased by the Company.

In respect of the period from Initial Admission up to the close of business on 31 December 2022, the Panel has confirmed that notwithstanding Rule 37.1 of the Takeover Code, this potential increase in the voting rights attaching to the Shares which Blackmead Infrastructure Limited holds due to the Buyback Authority will not require Blackmead Infrastructure Limited to make a mandatory offer pursuant to Rule 9 of the Takeover Code, and therefore a whitewash resolution of the independent shareholders will not be necessary. This confirmation has been given on the basis that (a) the Buyback Authority was passed on 12 October 2021, and (b) the consequences of such a buyback have been fully disclosed in this document. However, following 31 December 2022, to the extent that authority for share buybacks may be sought in future, approval for a whitewash resolution will be sought from the Panel and from the independent shareholders of the Company at that time to the extent necessary. Further details relating to any such whitewash resolution will be set out in a circular sent to Shareholders in conjunction with the Company's annual general meeting.

9 THE INITIAL ISSUE AND THE PLACING PROGRAMME

The Initial Issue

The target size of the Initial Issue is up to £200 million (before expenses). The Minimum Gross Proceeds is £130 million (or such lesser amount as the Company, the Investment Manager and Jefferies may agree). If the Minimum Gross Proceeds are not raised, the Initial Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA.

The total number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the Initial Gross Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement prior to Initial Admission.

Blackmead Infrastructure Limited has committed to make a cornerstone investment in the Initial Issue of 29.99 per cent. of the Ordinary Shares on Initial Admission subject to a maximum investment amount of £59.98 million and to possible scaling back in the event of the over subscription of the Initial Issue, and has entered into the Lock-In Agreement in relation to such Ordinary Shares.

Jefferies has agreed to use its reasonable endeavours to procure subscribers pursuant to the Initial Placing for Ordinary Shares at the Issue Price on the terms and subject to the conditions set out in the Placing and Offer Agreement and this document.

The Company has agreed to make an offer of Ordinary Shares pursuant to the Offer for Subscription at the Issue Price, subject to the Terms and Conditions of Application set out in this document. The Terms and Conditions of Application should be read carefully before an application is made. Investors should consult their independent financial advisers if they are in any doubt about the contents of this document or the acquisition of Ordinary Shares.

Investors may also subscribe for Ordinary Shares pursuant to the Intermediaries Offer, as described in paragraph 2 of Part 6 of this document under the heading “Intermediaries Offer”.

Further details about the Initial Issue are set out in Part 6 of this document.

The Placing Programme

In addition to any Ordinary Shares issued under the Initial Issue, the Company may issue up to 200 million Shares (being Ordinary Shares and/or C Shares) in aggregate pursuant to the Placing Programme.

Any Ordinary Shares issued pursuant to the Placing Programme will be issued at a price calculated by reference to the prevailing Net Asset Value per Ordinary Share (published or estimated, as applicable) at the time a Subsequent Placing is announced together with a premium intended to at least cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions), which are not expected to exceed 2 per cent. of the gross proceeds of each Subsequent Placing. C Shares (if any) issued pursuant to the Placing Programme will be issued at 100 pence per C Share.

Shares issued under the Placing Programme may be issued under this document provided that it is updated by a supplementary prospectus (if required) under section 87G of FSMA and Article 23 of the Prospectus Regulation.

Further details about the Placing Programme are set out in Part 7 of this document.

10 C SHARES

If there is sufficient demand from potential investors at any time following Initial Admission, the Company may seek to raise further funds through the issue of C Shares under the Placing Programme, as an alternative to the issue of Ordinary Shares. The issue of C Shares is designed to overcome the potential disadvantages for both existing and new investors that could arise out of a conventional fixed price issue of further Ordinary Shares for cash.

The Articles contain the C Share rights, full details of which are set out in paragraph 4.21 of Part 9 of this document.

11 TAXATION

Potential investors are referred to Part 8 of this document for details of the taxation of the Company and Shareholders in the UK. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers immediately.

12 DISCLOSURE OBLIGATIONS

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules (as amended from time to time) (“DTR 5”) of the Financial Conduct Authority Handbook apply to the Company on the basis that the Company is a “UK issuer”, as such term is defined in DTR 5.

As such, a person is required to notify the Company of the percentage of voting rights it holds as a holder of Shares or holds or is deemed to hold through the direct or indirect holding of financial instruments falling within DTR 5 if, as a result of an acquisition or disposal of Shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being, in the case of the Company, 3 per cent. and each 1 per cent, threshold thereafter up to 100 per cent.

13 RISK FACTORS

The Company's performance is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 13 to 24 of this document.

14 NON-MAINSTREAM POOLED INVESTMENT PRODUCTS AND MIFID II

The Shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

The Directors consider that the requirements of Article 57 of the MiFID II delegated regulation of 25 April 2016 will be met in relation to the Shares and that, accordingly, the Shares should be considered "non-complex" for the purposes of MiFID II.

PART 2

THE UK FORESTRY INVESTMENT OPPORTUNITY

The Investment Opportunity – The UK Forestry, Timber, Carbon and Biodiversity Markets

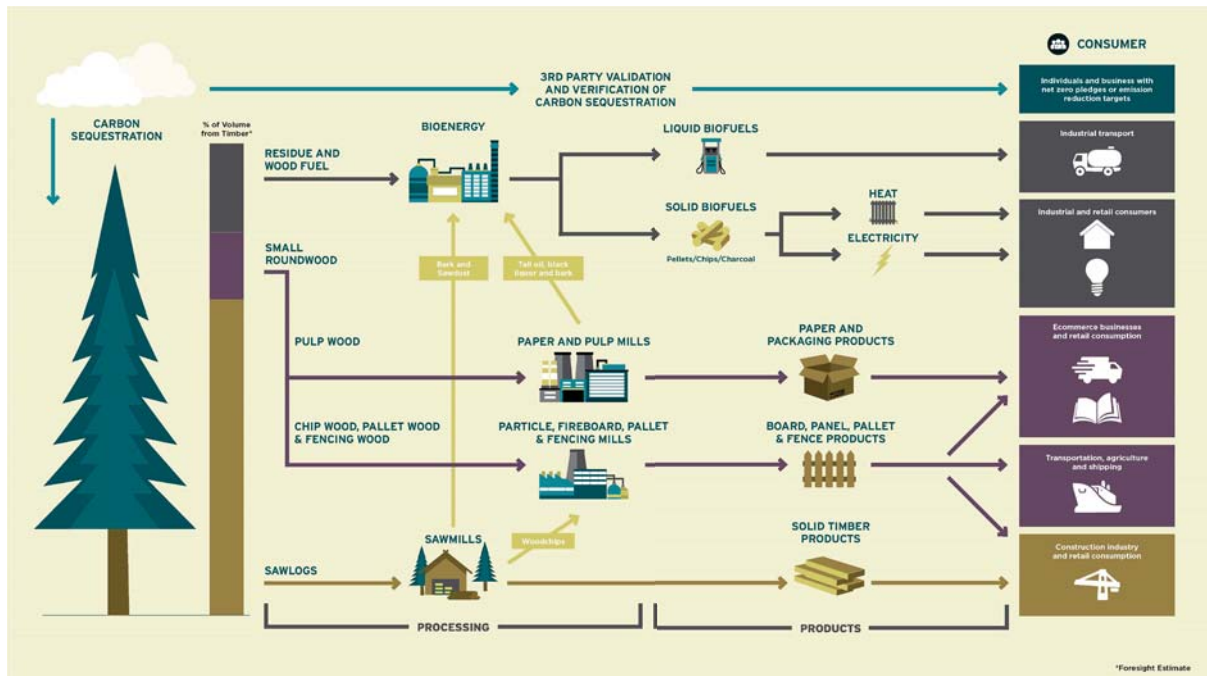
1.1 Timber Supply and Demand Imbalance

Global demand for timber products is predicted to quadruple from 2012 to 2050, whilst the yearly supply deficit is forecast to materially deepen from 1 billion cubic meters in 2012 to 4.5 billion cubic meters in 2050⁵. This fundamental demand and supply imbalance is expected by Foresight Group to place significant upward pressure on global timber prices.

1.2 Timber Demand Dynamics

Timber is a versatile resource used in many industries, including construction, paper manufacturing, specialty wood products, and as a fuel source, amongst other uses. A diagram, showing the key elements of the value chain of the progression of a standing softwood timber tree as it is processed into various products on its journey into various markets, is provided below.

Figure 1. Timber value chain



Foresight Group estimates that timber harvested from the Group's forestry portfolio will be sold to off-takers whose primary focus for usage of the relevant tonnage relates to the following purposes:

- Sawlog – 65 per cent.
- Small roundwood – 25 per cent. (particle board, fibre board, pallet wood, fence wood, packaging, card and paper)
- Wood fuel – 10 per cent. (small roundwood used for bioenergy and biofuel)

Foresight Group estimates that up to an additional 10 per cent. of the original harvested volume finds its way into bioenergy (heat and power) and biofuel industries as the residues from sawlog, particle board, fibre board, pallet wood, fence wood, packaging, paper and card manufacturing processes are utilised. Often the mills that are manufacturing the core products will use the readily available biomass on site as an alternative sustainable energy source to heating oil, diesel, or natural gas. There is an identifiable number of dedicated biomass and combined heat and power

⁵ World Bank – Forest Action Plan FY16-20.

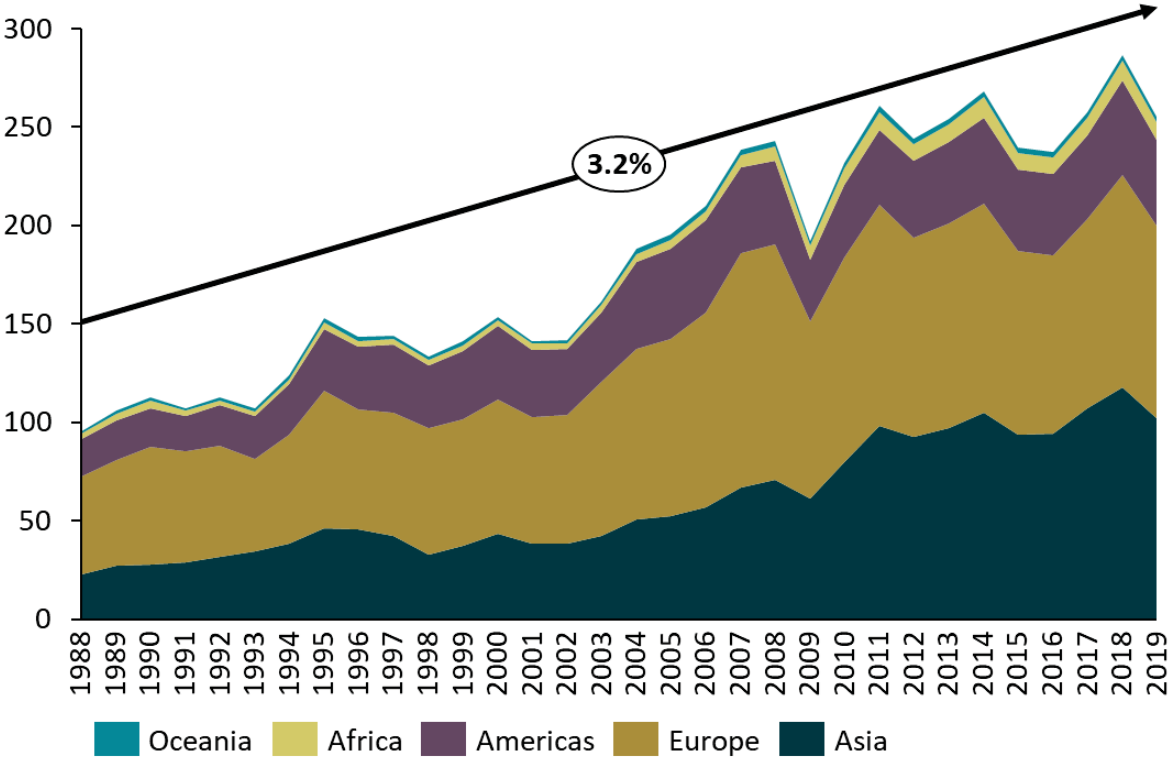
biomass plants in the UK that are supported by government renewables initiatives which create the current demand for wood fuel in the form of chips/residues/pellets.

Use of wood fuel for energy is largely a by-product of the manufacture of other timber products. A material level of further government support to incentivise new greenfield bioenergy and biofuel plants (e.g. Biomass Energy with Carbon Capture and Storage – BECCS) would be required to change this dynamic. Meanwhile Foresight Group observes continued investment by sawmill panel board and fibre board companies into their existing and/or new production facilities globally and in the UK.

Foresight Group estimates that sawlog percentages on forests on the best wind-firm soil (with thinning) can achieve up to 80 per cent. sawlog. On poorer ground as low as 50 per cent. can sometimes be observed. Typically, Foresight Group targets Standing Forests and Afforestation opportunities with higher sawlog percentages.

Over the past three decades, value of global imports of forest products has increased 3.2 per cent. on an annual basis⁵.

Figure 2. Value of Global Imports of Forest Products 1988-2019 (USD Billions)⁶



There are several global macroeconomic trends underpinning this increasing demand also, namely:

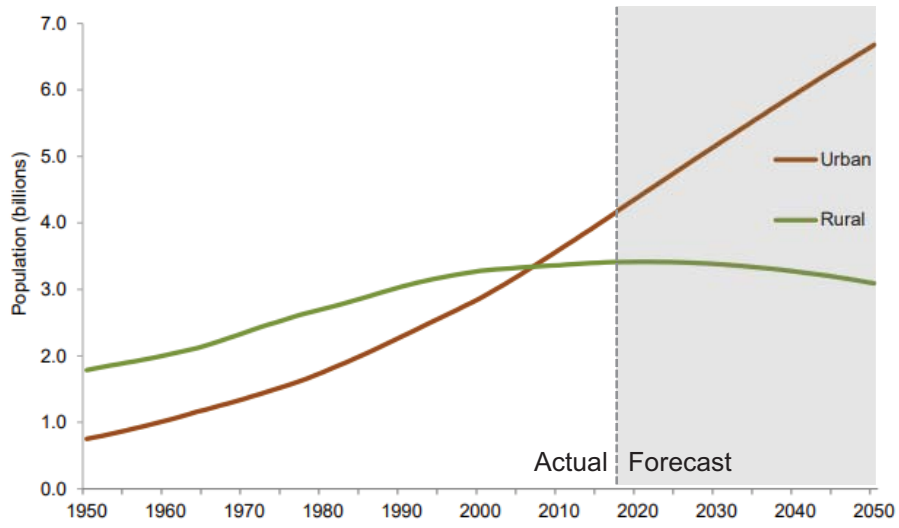
- a growing global population that is expected to reach c.10 billion by 2050⁷, which places direct additional demand on timber as a commodity;
- an increasing urban population, with mass urbanisation and sub-urbanisation accelerating across Asia in particular⁶. Over the coming decades, the level of urbanisation is expected to increase in all regions, but with considerable variation. The United Nations projects Europe to have nearly 85 per cent. of its population living in urban areas, whilst for Northern and Southern America that percentage is closer to 90 per cent;⁶
- growing economies, especially in the developing countries, linked to increasing timber consumption; and

⁶ UN FAO Forestry Production and Trade Database.

⁷ UN 2019 World Population Prospects.

- a growing consumer preference, driven by the global environmental agenda, for more sustainable building, packaging and construction materials⁸.

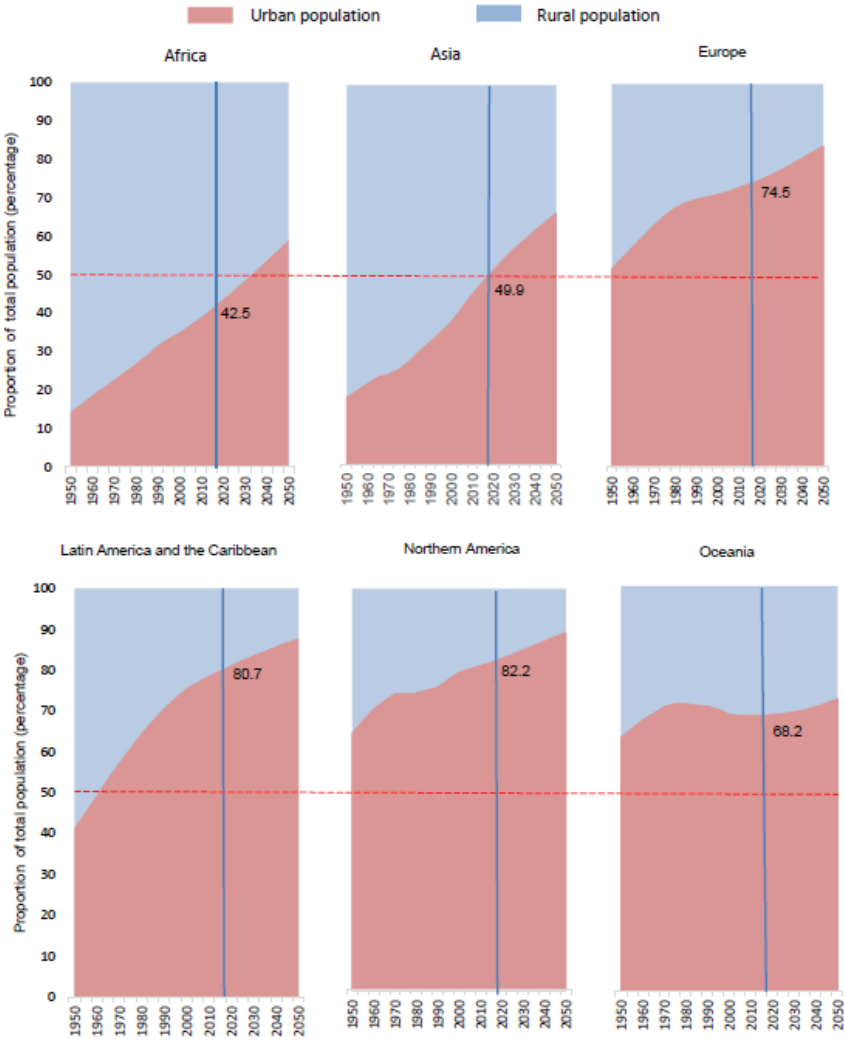
Figure 3. Urban and rural populations of the world, 1950-2050⁹



⁸ Boston Consulting Group – Winning the future of retail with real estate.

⁹ United Nations World Urbanization Prospects 2018.

Figure 4. Urban and rural population as proportion of total population, by geographic region, 1950-2050¹⁰



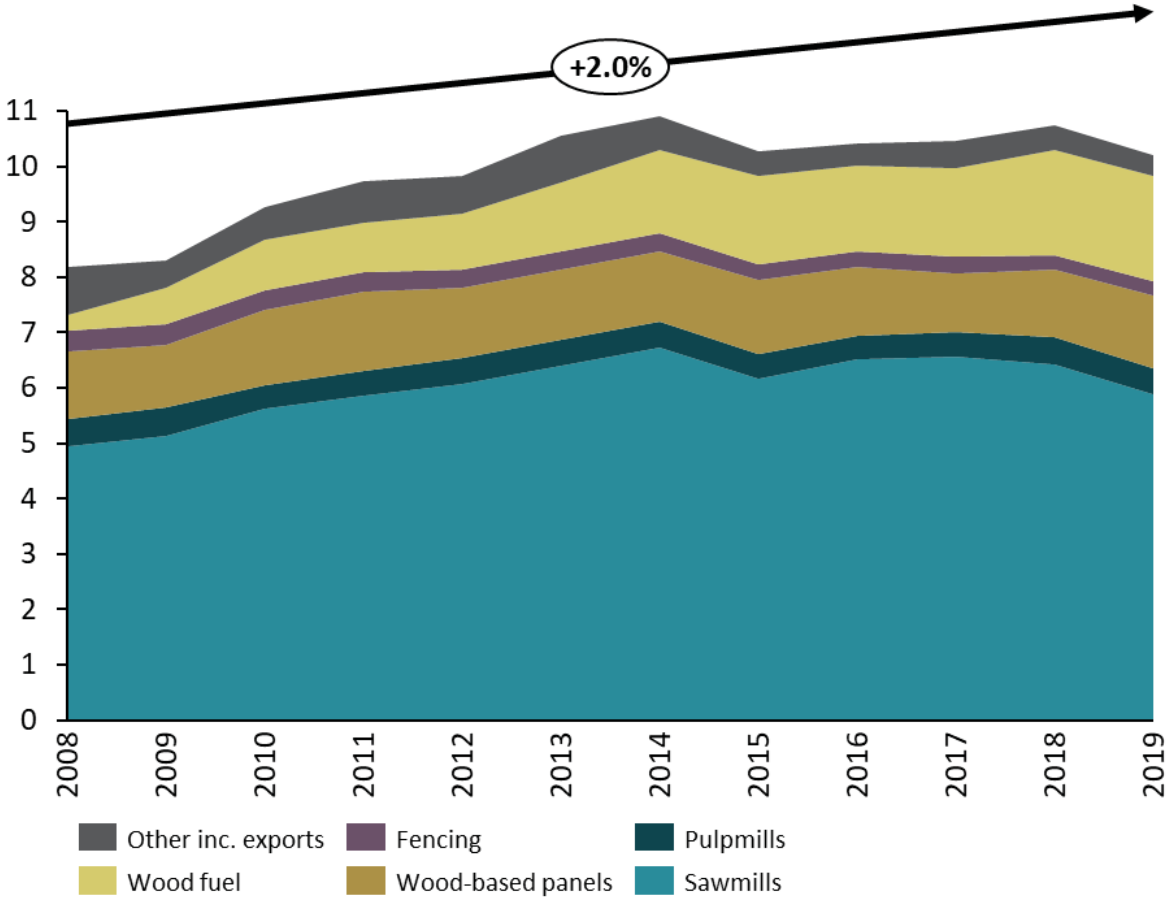
Timber is classed as either softwood or hardwood, depending on the type of tree the timber comes from. Softwoods come from coniferous trees such as pine, fir, spruce and larch. In climates such as that of the UK, these trees take around 40 years to grow before they are ready to harvest. Hardwoods come from broadleaved trees such as oak, ash and beech. These trees take much longer to grow, up to 150 years before they reach maturity.¹¹

Between 2008 and 2019, the UK saw an annual growth of 2 per cent. in softwood delivery volumes. In particular, wood used for bioenergy and biofuel has grown its share of total market.

¹⁰ United Nations World Urbanization Prospects 2018. Dashed line represents the 50 per cent. mark, whilst the solid blue line indicates the boundary between actual and forecast figures.

¹¹ Forestry England – From tree to timber.

Figure 5. UK softwood deliveries (million tonnes)¹²

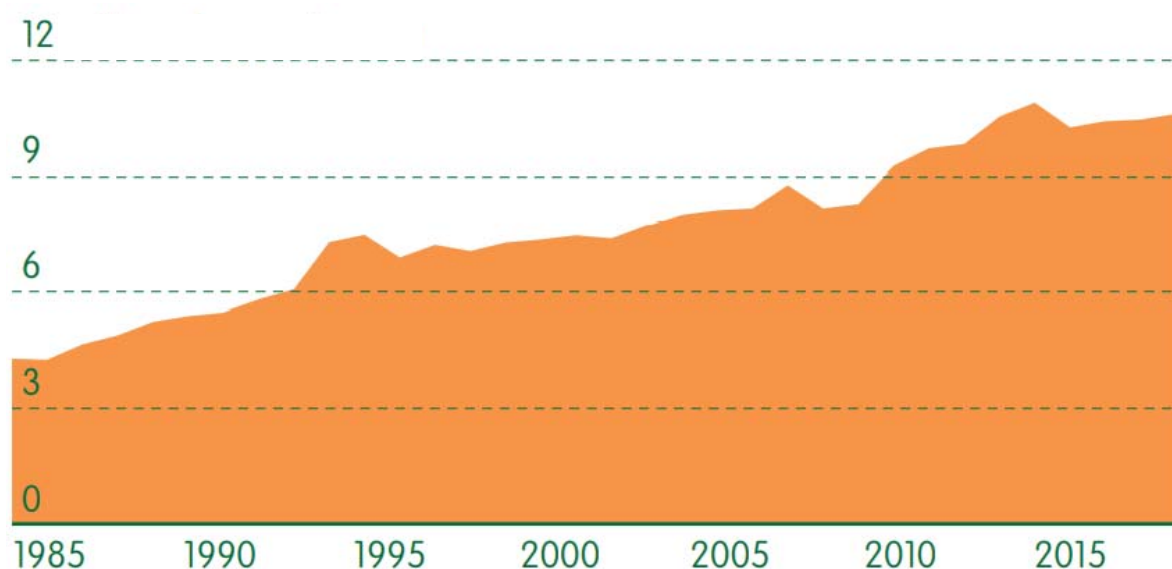


Within the UK, the government’s drive to build at least 300,000 new homes a year will be another source of demand for timber and it is likely that modular buildings will increasingly be considered to meet this demand as they are cheaper, faster and easier to construct. Modular buildings tend to use more timber products in their construction than other building options. Furthermore, demand for forest residues is also supported in the UK by the biomass industry. Excess wood residue (a by-product of sawlog and roundwood production), which would otherwise be left on the forest floor, releasing CO₂ as it decomposes, can be chipped or pelletised and used as a feedstock for bioenergy or biofuel production which can displace unsustainable base-load fossil fuel energy sources as part of the global energy transition. Since 2012, the contribution of bioenergy and waste to total energy consumption has increased from 4.1 per cent. to 8.3 per cent., overtaking solid fuel (e.g. coal, oven gas, tars)¹³.

UK softwood deliveries have been on a robust growth trajectory over the last three decades.

¹² Forestry Commission Forestry Statistics 2020.
¹³ UK UNECE Forestry and Timber Market Statement for the UK.

Figure 6. UK softwood deliveries (millions of green tonnes)¹⁴



Biomass has a key role to play as a low-carbon base-load energy source as society moves further away from the use of fossil fuels and grapples with the side effects of the mass introduction of intermittent renewable energy generation (from e.g., wind, solar, tidal) and the impact that has on our ability to match supply with demand whilst our grid systems do not currently have adequate storage, inter-connection, and balancing systems in place.

New technologies are also enabling new practical and commercial uses for the woodchip by-products of sawlog and roundwood production, such as:

- biochar, which can limit carbon release in its production and allow effective carbon restoration of soils with positive nutrient qualities;
- processes to turn woodchips in to yarns that can be used in the creation of fabrics that can replace man-made synthetic materials (e.g., made from nylon or polyester); and
- packing solutions for consumer products that replace plastic packaging with recyclable materials made from softwood pulps.

Several established and newly developed timber products facilitate further expansion of the softwood and hardwood markets. These include:

- cross-laminated timber (“**CLT**”) means that timber can have a higher strength to weight ratio than steel and has sufficient fire resistance to be used in high rise buildings¹⁵. Modern construction methods mean timber frames can be built up quicker, producing less waste, than other methods using brick and masonry;
- laminated veneer lumber (“**LVL**”) consists of layers of veneer, with the grain all running in the same direction. Major advantages of LVL include its dimension, shape, high strength properties and low cost. LVL is one of the strongest timber-based construction materials relative to its density;
- dowel laminated timber (“**DLT**”) is a relatively new development. It is a structurally efficient and economic mass timber panel which can be used for floor, wall, and roof structures. DLT panels are the only 100 per cent. mass timber product – in concept they involve no glue or nails. It is an alternative to nail laminated timber (“**NLT**”), which has been in use in heavy timber structures for over 150 years;

¹⁴ Forest Research Forestry Facts and Figures 2020. One green tonne is equivalent to approximately 0.98 m³ underbark softwood or 0.88 m³ underbark hardwood, and to approximately 1.22 m³ overbark standing softwood or 1.11 m³ overbark standing hardwood.

¹⁵ European Commission, Wood – Building The Bioeconomy.

- tri-laminated timber is made with more than three planks glued in a union. Tri-laminated timber has a number of advantages, including dimensional stability, excellent load-bearing capacity, and aesthetic appearance;
- oriented strand board (“OSB”) was developed in the 1960s and is similar to particle board, whereby it is formed by adding adhesives and subsequently compressing layers of timber strands, or flakes, into specific orientations. It is particularly suitable for load-bearing applications in construction and has overtaken plywood in popularity¹⁶. OSB is viewed as more environmentally friendly compared to plywood – the former consists of many smaller pieces of timber, meaning it can be made using smaller, fast-growing trees, whereby a tree is used in its entirety. Plywood, on the other hand, relies more on larger-diameter trees, which are rotary-cut to produce the layers needed. Such trees take longer to grow and as a result older forests could be harvested to make the product¹⁷. Additionally, plywood only utilises 50 per cent. of the tree¹⁵;
- Tricoya, manufactured by Coillte, a state-owned forestry agency in Ireland, is an alternative to the traditional medium-density fibreboard (“MDF”). MDF is made by breaking down timber residuals into fibres and, in combination with wax and resin binder, forming it into panels by applying high temperature and pressure. MDF is denser and stronger than plywood, another building material, however it is susceptible to swelling and breakdown, making it less suitable for outdoor and wet indoor use. Tricoya overcomes these challenges thanks to the treatment with the acetylation process, which significantly reduces swelling and shrinking, and increases durability and fungal resistance, enabling a longer-lasting and flexible material that has a wider range of applications, both indoors and outdoors¹⁸. Tricoya comes with a 50-year above-ground and 25-year in-ground warranty (with an expected service life of more than 70 years), locking up carbon for a long period of time and opening up new avenues within the construction industry, by replacing metal, steel, and plastic as an alternative material; and
- Accoya presents the same benefits as Tricoya, in a solid timber setting. Accoya is considered to have a service life of up to 90 years, which is longer than aluminium, polyvinyl chloride (“PVC”), and other timber products¹⁹.

Foresight Group expects continued demand and markets for the use of all of the tree over the medium and long term, even as bioenergy and biofuel is phased out as part of the medium to long term energy transition, given the very strong sustainable low-carbon profile of timber products versus the alternatives.

1.3 Timber Supply Dynamics

Globally there is a shortage in the supply of timber. The global forest area has reduced from around 4,128 million hectares in 1990 to 4,059 million hectares in 2020²⁰ (a 1.7 per cent. decrease), representing a reduction of 7.8 million hectares per year. A study by D’Annunzio (United Nations Food and Agriculture Organization) et al. projects global forest area to continue to decrease over the next 15 years²¹. The researchers state that these projections fall within the range indicated by other studies, published by, amongst others, United Nations Environment Programme (2007) and Organization for Economic Co-operation and Development (2012), which vary from no net change or a slight increase in global forest area, to a substantial loss (> 15 per cent.) up to 2030 compared to the year 2010.

¹⁶ Report on Business, *Toronto’s Norbord riding the rising wave of OSB sales*, July 2016.

¹⁷ <https://www.fixr.com/comparisons/OSB-vs-plywood>

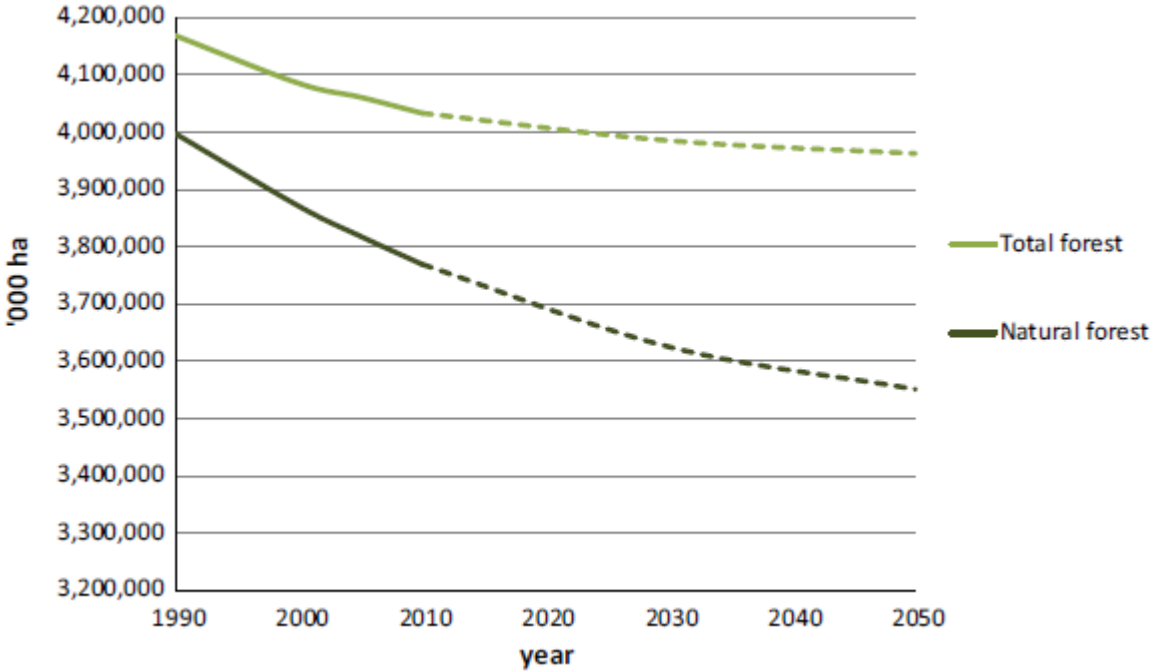
¹⁸ <https://tricoya.com/>

¹⁹ <https://www.accsysplc.com/changing-the-world/>

²⁰ Forestry Commission Forestry Statistics 2020.

²¹ D’Annunzio R., Sandker M., Finegold Y., Min Z. 2015. Projecting global forest area towards 2030. *Forest Ecology and Management* 352 (2015) 124-133.

Figure 7. Global forest area actual figures (solid) and projections (dashed)²²



Woodland is defined in UK forestry statistics as land underneath trees with canopy cover of at least 20 per cent. (or 25 per cent. in Northern Ireland)²³. The forestry industry can encompass standing woodland crops, timber, sawmill production and the ongoing management of these assets. There are two types of woodland: Commercial Forestry (grown and managed for with timber production as the primary focus) and amenity (primarily owned and managed for recreational enjoyment and/or conservation and environmental interests).

The UK is one of the least forested countries in Europe^{24,25}. Woodland covers c. 3.17m²⁶ hectares in the UK, equivalent to c.13 per cent. of land area, which is almost three times less than the average forest cover in Europe of 46 per cent.

²² D'Annunzio R., Sandker M., Finegold Y., Min Z. 2015. Projecting global forest area towards 2030. *Forest Ecology and Management* 352 (2015) 124-133.
²³ Forest Research Provisional Woodland Statistics 2021 Edition.
²⁴ National Assembly for Wales Research – Woodland creation in European Countries.
²⁵ WorldAtlas – World's most forested countries.
²⁶ Forestry Commission Statistics 2018.

Figure 8. Forest cover in European countries^{27,28}

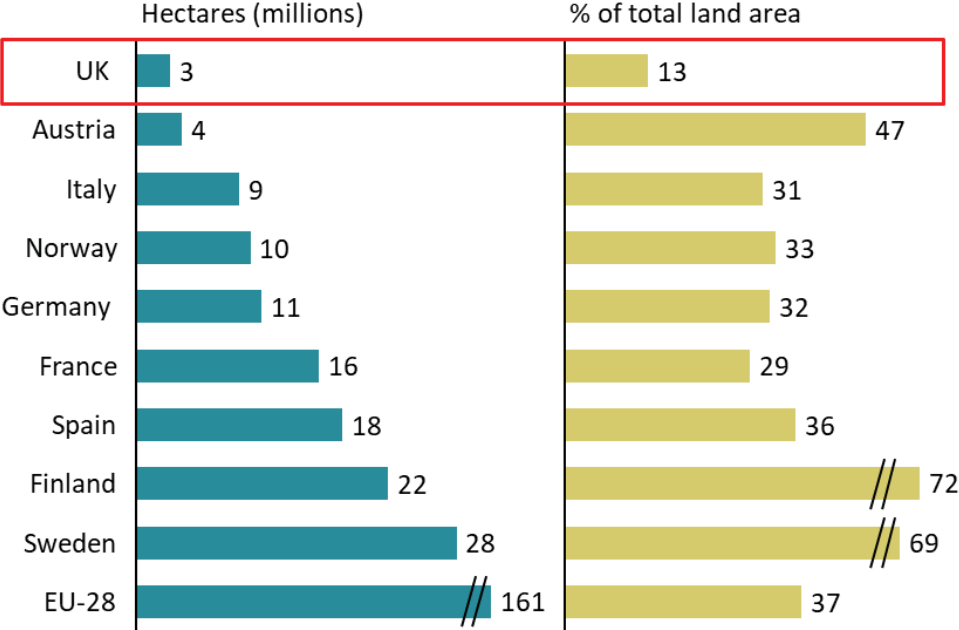
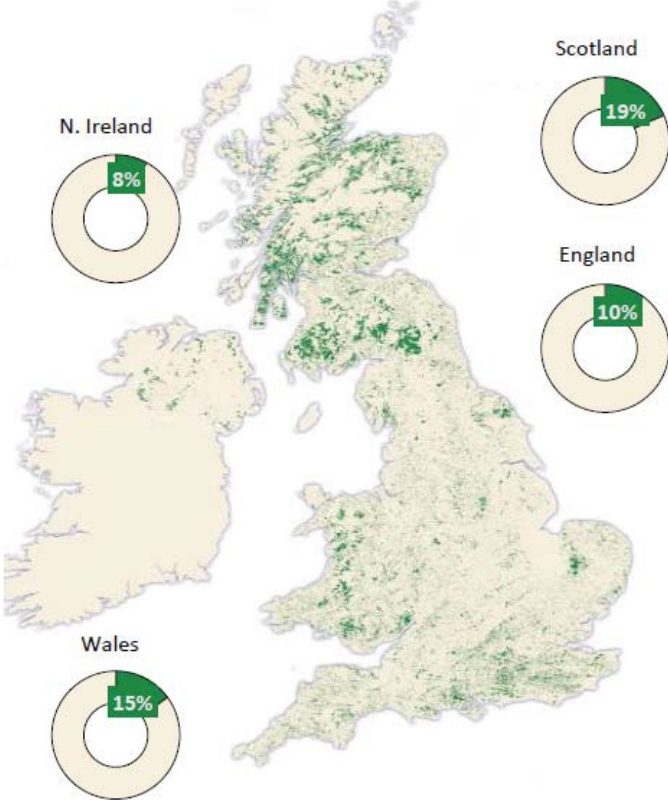


Figure 9. Distribution of woodland in the UK²⁹

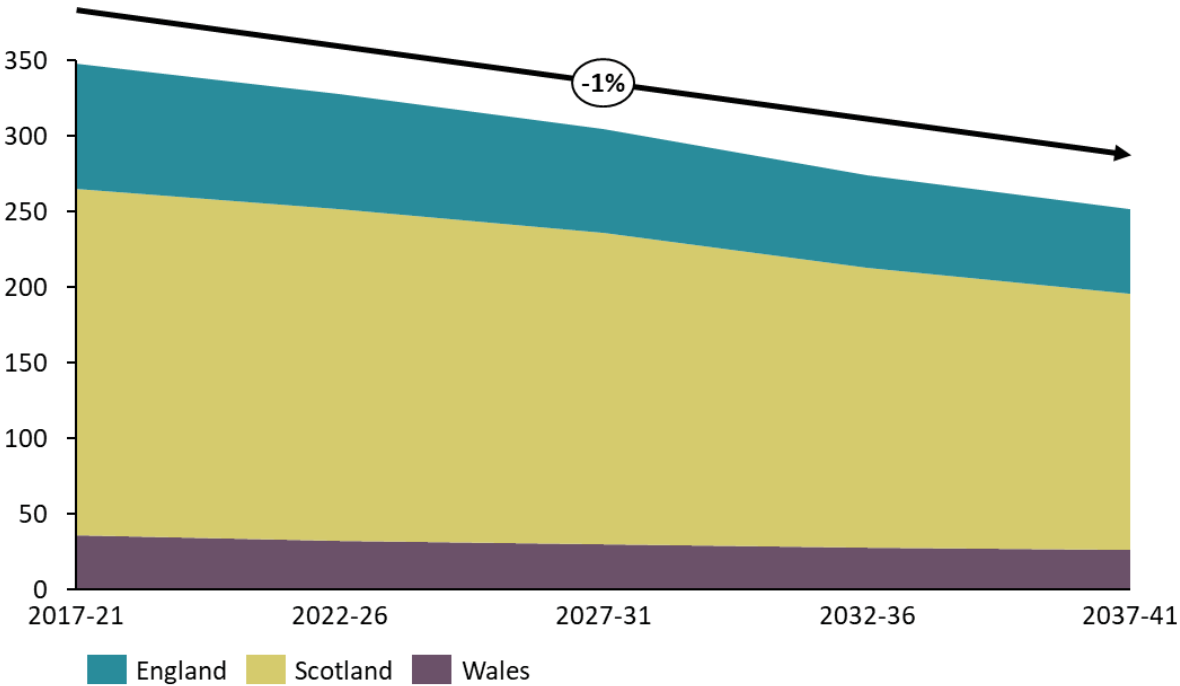


²⁷ National Assembly for Wales Research – Woodland creation in European Countries.
²⁸ Forestry Commission Forestry Statistics 2018.
²⁹ Forestry Commission Forestry Statistics 2020.

In addition to the significantly lower forest cover, coniferous standing volume in the UK is expected to decrease by 28 per cent. over the next 25 years, exacerbating the constraint in supply³⁰. This is to do with the distribution of the age of the trees in UK forests, i.e. the forests contain relatively more mature trees, meaning harvested trees cannot be replaced in equal rate by growing/newly planted trees.

A key part of Foresight Group’s investment thesis for forestry is the lead-time between planting a commercial softwood conifer tree and it growing to reach maturity and becoming ready for harvest (35-40 years in the UK). It is possible to accurately forecast when stocks of timber will reach maturity for harvesting. Currently stocks are in decline and, because of the lead-time, the current under-supply dynamic is highly predictable for the foreseeable future. Billions of trees can be planted now, but they will not be ready for harvesting for decades. UK forest owners selling in to such a supply dynamic should be well-placed to capture strong pricing over time.

Figure 10. 25-year Forecast of Coniferous Standing Volume (million cubic metres)³¹



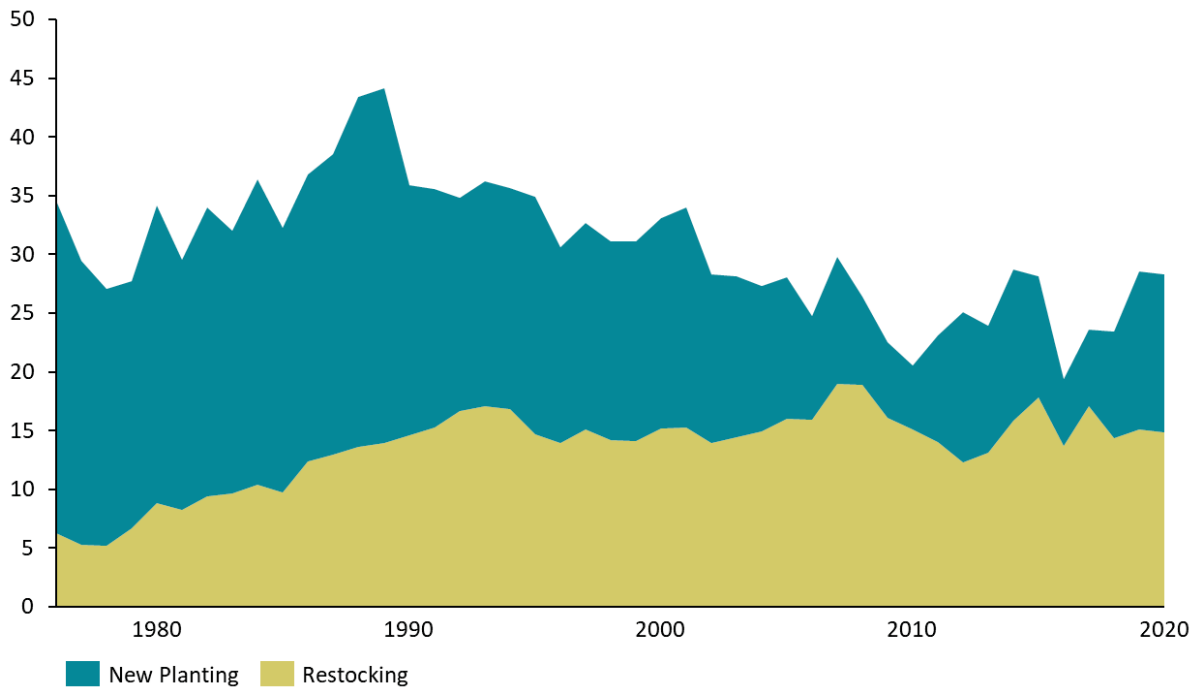
The UK’s short supply of timber stems from:

- the decimation of the nation’s woodlands and forests during the World Wars³²;
- the sudden removal of tax incentives in 1988 that had previously stimulated planting and restocking³³; and
- policy shifts in the 1990s that prioritised the planting of native conifers and non-commercial broadleaves and suspended any large-scale government sales of forestry land.

The ability to upscale UK timber production is limited by the lack of available mature woodland, regulatory restrictions on levels of felling and the biological cycle of tree growth. Whilst the current government is incentivising 30,000 hectares of planting per annum to meet its 2050 net zero goal, trees planted today will not become mature for harvesting for another 30-40 years, thereby being unable to contribute meaningfully to resolving UK’s current supply constraints. Foresight Group expects the structural supply and demand imbalance in the UK to continue for at least the next 25 years.

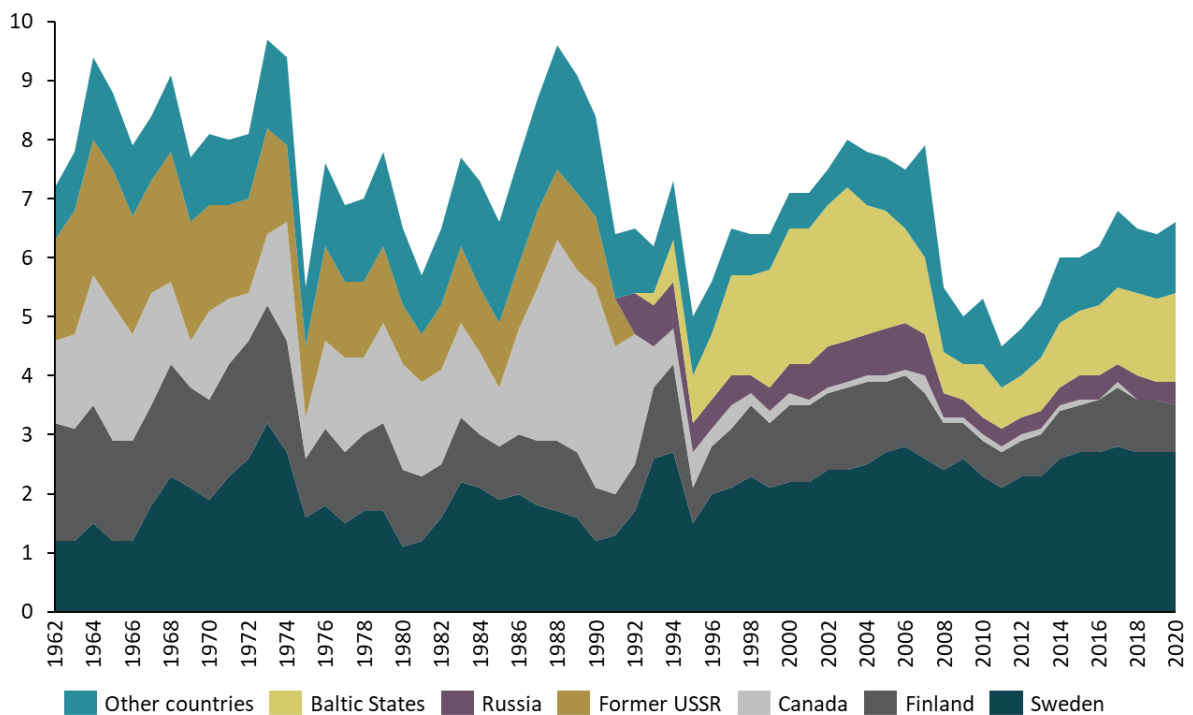
³⁰ Forestry Commission Forestry Statistics 2018.
³¹ National Forestry Inventory Forecast, 2016.
³² The Gazette: 100 years of forestry.
³³ Forestry Commission Annual Report 1987-88.

Figure 11. Restocking and New Planting in the UK (thousands hectares)³⁴



Due to local supply constraints, the UK currently imports >70 per cent. of its wood and wood-based products. In 2017, sawn softwood, paper, and wood-based panels were overwhelmingly imported from EU countries³⁵.

Figure 12. Country of origin of sawn softwood imports to the UK (million m³)³⁶



³⁴ Forestry Commission Forestry Statistics 2020.

³⁵ Forest Research Origin of Wood Imports. <https://www.forestresearch.gov.uk/tools-and-resources/statistics/forestry-statistics/forestry-statistics-2018/trade/origin-of-wood-imports/>.

³⁶ Forest Research Origin of Wood Imports. <https://www.forestresearch.gov.uk/tools-and-resources/statistics/forestry-statistics/forestry-statistics-2018/trade/origin-of-wood-imports/>.

Figure 13. UK percentage of imports versus total apparent consumption³⁷

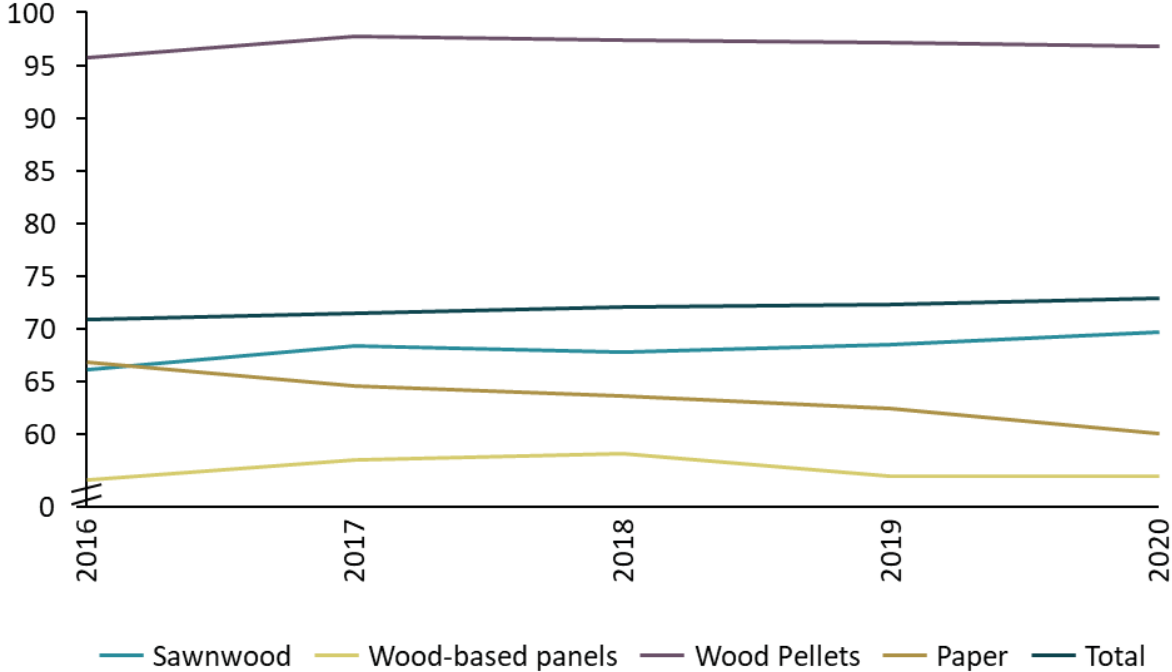
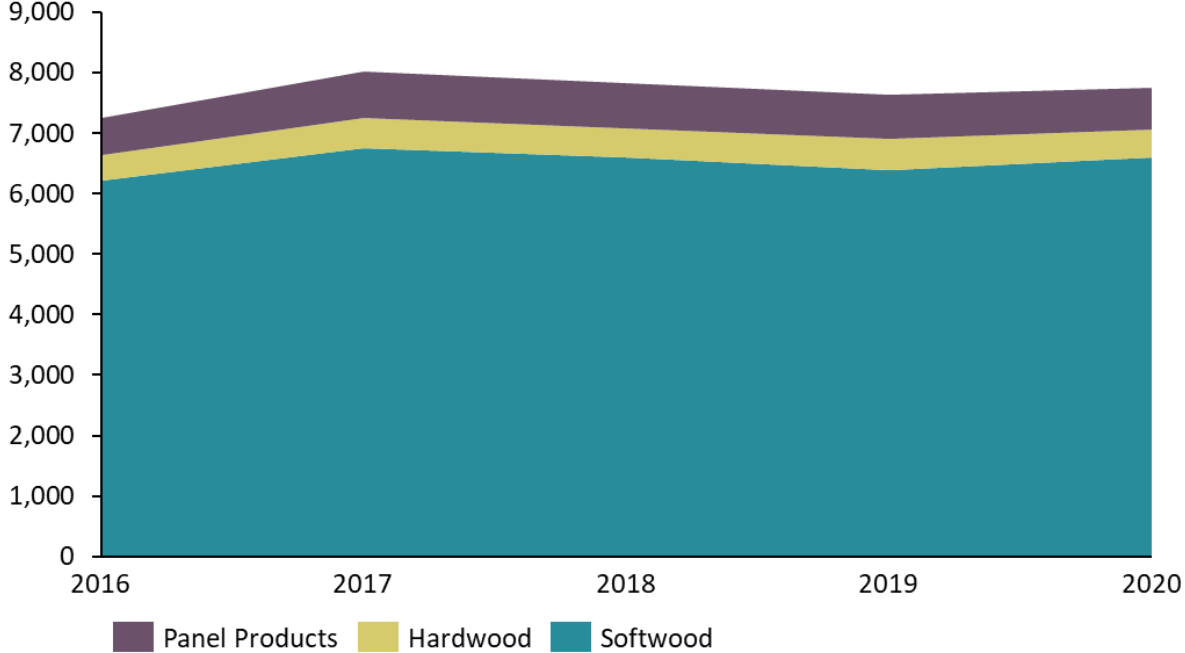


Figure 14. UK wood imports (thousand m3)³⁸



As well as the supply shortages in the UK timber market, UK-grown forestry also has several structural advantages versus foreign imports:

- high haulage, shipping, and handling costs of timber provide domestic production with a cost advantage over imported timber; and

³⁷ UK Wood Production and Trade: 2020 Provisional Figures. Apparent consumption is defined as production plus imports less exports.

³⁸ <https://tff.co.uk/statistics/dashboard/>

- warmer and wetter UK weather compared to Northern Europe and the Baltics enables faster growing cycles in the UK. Foresight Group understands that UK forests tend to have a rotation cycle of c.40 years vs. 80-100 years for Swedish and Finnish forests. The introduction of genetically modified trees can increase growth rates further^{39,40}.

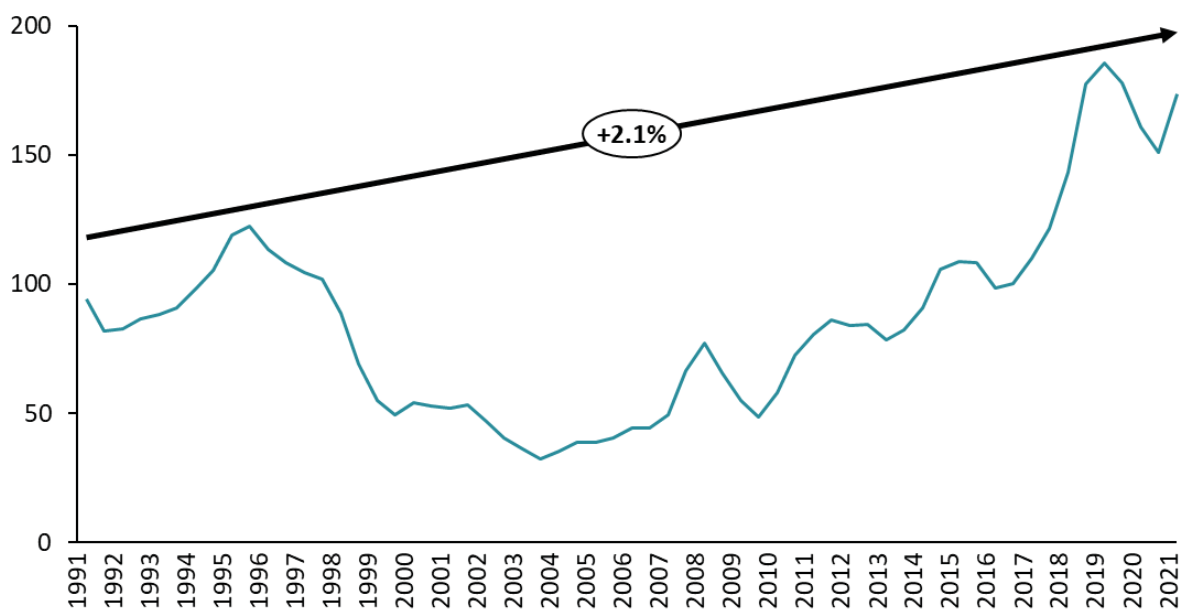
Currently, 27 per cent. of UK woodland falls under public ownership, with the remaining 73 per cent. held privately⁴¹. Of this woodland, 49 per cent. is intended for non-commercial purposes and 51 per cent. for commercial purposes⁴². Commercial woodland is deemed to be a £19 billion market⁴³, with Foresight Group estimating the value of annual commercial woodland transactions at more than £325 million.

1.4 Timber Pricing Dynamics

Given the UK is a net importer of timber, the price of timber in the UK is influenced materially by global timber supply and demand dynamics. Home-grown timber is typically consumed in the local market. The cost of timber that is imported to the UK is influenced by demand for that same timber from other wider European and global markets. Global timber demand has out-stripped supply over the long term and UK timber prices have generally maintained good real terms growth over the past 15 years. Given the UK imports a significant percentage of various types of wood and wood products, local supply can have a strong competitive angle through avoidance of haulage, shipping and international trade costs.

Foresight Group believes that the global imbalance of timber supply and demand, which is exacerbated in the UK, creates a compelling capital appreciation opportunity that leaves UK forest owners well-positioned. Over the last thirty years UK timber prices have appreciated at a 2.1 per cent. compound annual growth rate (“CAGR”). Over the last twenty years the CAGR was 5.6 per cent. Foresight Group expects this trend in timber prices to continue due to macroeconomic supply and demand factors and structural, geographic and logistical factors.

Figure 15. Coniferous Standing Sales Price Index (Indexed in real terms (Sept. 2016 = 100))⁴⁴



³⁹ European Forest Institute – Forest management guidelines and practices in Finland, Sweden and Norway.

⁴⁰ Mason – Implementing Continuous Cover Forestry in Planted Forests.

⁴¹ PEFC – Forest Ownership in the UK.

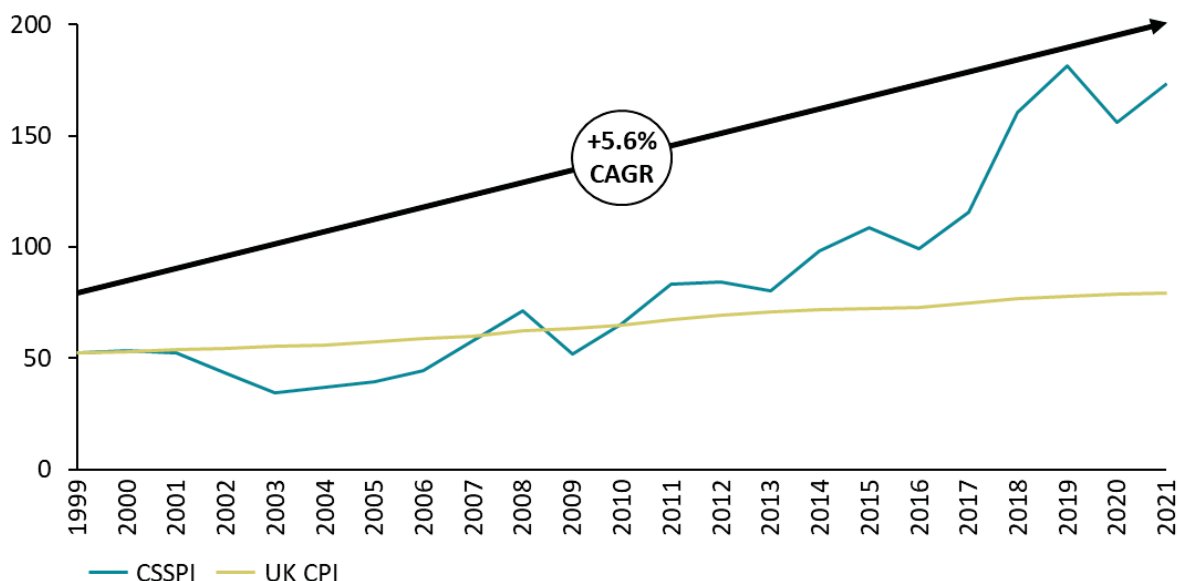
⁴² Forestry Commission Statistics 2019.

⁴³ Strutt & Parker: UK Forest Market Report 2019.

⁴⁴ Forestry commission timber price indices: Data to March 2021.

UK Commercial Forestry has strong inflation-beating characteristics, for both expected and unexpected inflation. UK timber prices and forestry asset values have historically outperformed the Consumer Price Index (“CPI”) on a long-term basis.

Figure 16. Coniferous Standing Sales Price Index and Consumer Price Index. Indexed in real terms (Sept. 2016 = 100)^{45,46}



1.5 The Market for UK forestry land freeholds and standing forestry crop

Given the long crop rotation lengths of commercial conifers, understanding the value of: (i) the underlying land upon which the trees grow, and (ii) the crop sitting upon the underlying land at any given point in time is equally as important as the more immediate timber harvesting income forecast (tonnage and pricing) that an owner expects to receive from a forest. The ability to successfully trade the underlying capital assets in terms of entry and exit point is critical.

Not all tree species reach harvesting maturity at the same age. The productivity of certain tree species (known as yield class) on certain soils, elevation from sea level, climate conditions and drainage conditions are variable. Road access and proximity to timber processing facilities also has a key impact on forest value. Foresight Group works with experienced expert forestry practitioners to assess the underlying qualities of each forest property. This includes a detailed assessment of the proposed entry price point in the context of the existing market for properties, giving respect to the long-term quality of the forest and its trading location, as well as the more immediate cash flow forecast.

Foresight Group has a strong network of personal contacts with the key forestry agents and practitioners who supply investment opportunities. Sometimes opportunities involve on-market tender and bidding processes and sometimes these involve bilateral off-market transactions. Foresight Group also has proprietary direct origination systems in place which enable it to generate its own forestry investment opportunities.

In all scenarios, Foresight Group is looking to acquire the best quality assets at pricing that generates value over the long term, whilst remaining competitive with the market. Foresight Group has a strong track record of executing off-market transactions where sellers have expressed a preference to deal in a bilateral format but has also consistently demonstrated its ability to participate successfully in on-market processes. Foresight Group prides itself in applying its deeper understanding of the asset class and the market and in working harder than the competition to generate attractive value creation within its overall forestry portfolio.

⁴⁵ Forestry commission timber price indices: Data to March 2021.

⁴⁶ Office for National Statistics – UK CPI, 1999-2020.

The long-term correlation (2011-2020) between UK timber prices and UK forestry asset (freehold and crop) values is strong at +0.48. It is therefore generally accepted market practice that asset values will broadly move in-step with timber prices over medium to long term time frames. However, when timber prices experience short term fluctuations these do not automatically translate into immediate impacts on asset values. Underlying asset values have demonstrated resilience over time to short term shocks.

There are a limited number of investment managers currently servicing investment into the UK forestry sector on behalf of institutional and retail clients. Forestry management companies are currently quite active working directly on behalf of high-net-worth individuals (“**HNWIs**”) or ultra-high-net-worth individuals (“**UHNWIs**”) and/or some pension funds.

Foresight Group observes an increasing transition from HNWIs, UHNWIs and family office UK forest ownership towards more institutional investors or retail funds managed to institutional standards. In the view of Foresight Group, institutions and corporates have become more attracted to forestry for sustainability and ESG reasons and recognise its strong real asset backing and biological growth attributes, whereas historically the inheritance tax protection on offer was arguably one of the stronger drivers for investment.

Foresight Group has observed circa £325 million per annum of property sales (a combination of on-market and off-market) and demand for the underlying assets exceeds supply as evidenced by the real terms asset price growth seen in the IPD index and comparable transactions observed, recorded and tracked by Foresight Group. Foresight Group also closely monitors the interaction between timber prices and asset values.

Opportunities for co-location of Sustainable Infrastructure Assets with forestry

Forestry land often lends itself well to wind farm developments and run-of-river / run-of-hill stream hydro projects. Increasingly wind farms may be co-located with battery storage in the future. These sustainable infrastructure assets need road access, grid connections, electrical sub-stations and other such utilities. Largely these involve leasing of the underlying land and a profit share mechanism with the developer and/or future owner of the renewable energy or other sustainable infrastructure assets. Wind turbines are now much larger in height than previously was required to make them economical with the historic subsidies that were available and the planning constraints that were in place. Positively for forest owners, in the post-subsidy world and with a revised attitude from the planning authorities, larger turbine heights are now a reality. This means that wind turbines can be ‘key-holed’ into forestry areas and the surrounding trees have a far less material impact on the wind resource than was the case with smaller turbines. For forest owners this leaves the best chance of the combined maximum income from sale of timber, renewables lease and renewables profit share. Foresight Group is already exploring various development avenues in the Target Seed Forestry Assets.

Opportunities for glamping and eco-tourism revenues

At some forestry properties the landscape, access and overall site lends itself well for the development of glamping and/or low impact wild camping businesses. Suitable sites are usually in or adjacent to forests/woodlands in reasonably accessible beauty spots where the site offers rich natural capital, biodiversity and stunning scenery. Foresight Group is exploring a number of such opportunities in the Target Seed Forestry Assets. Typically, these are under structures where the landlord provides a lease, access, supply of levelled ground, utilities and a level of servicing capability with the tenant partner providing the planning & design capabilities, above ground accommodation, marketing, website, booking, supply of customers, billing & charging with a system for cost coverage and share of profits for landlord.

1.6 Afforestation

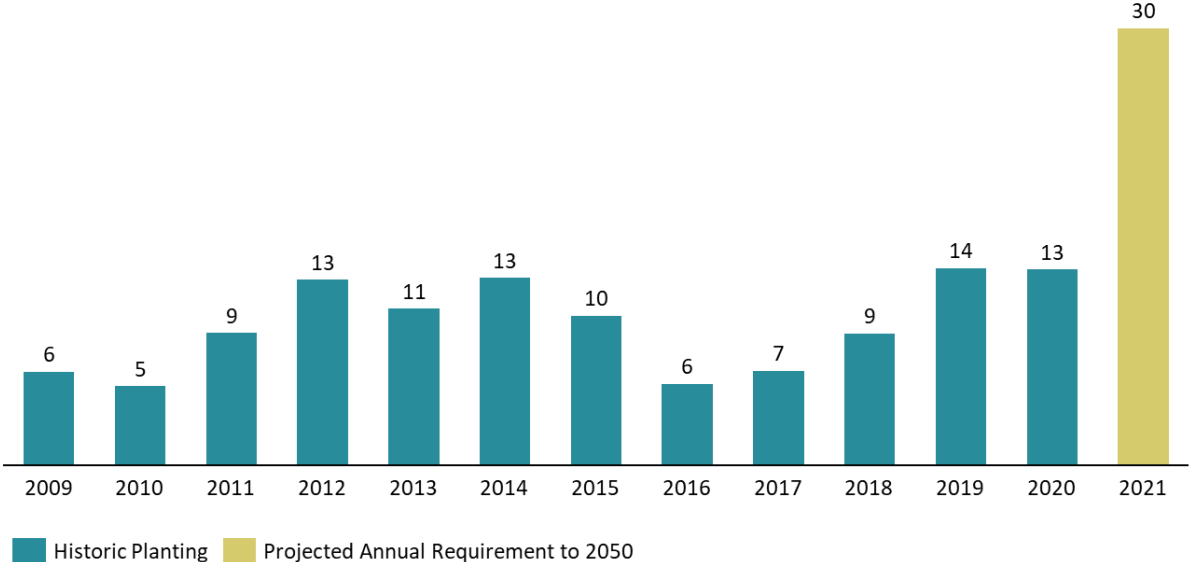
Afforestation is the process of turning unplanted and often previously agricultural land into stocked forestry holdings and native broadleaf woodland. Afforestation offers a material capital appreciation opportunity via the value uplift that can be created from the successful development (securing of the relevant permits, grants and consents and biological establishment) of new forests and woodlands and provides an attractive additionality benefit through the generation of Carbon Credits that can be used for meeting net-zero targets. The UK Committee on Climate Change estimates that c. 30,000 hectares of new woodland need to be created in the UK every year to support the achievement of

net zero emissions targets by 2050⁴⁷ – this is equal to 1.5 billion new trees in total. This will result in UK forest land cover increasing from 13 per cent. to 17 per cent. The UK government’s target of 900,000 hectares in total by 2050, whilst ambitious, represents only 3.7 per cent.⁴⁸ of total UK land area. This will see an increase in UK forest cover from circa 13 per cent. to circa 17 per cent., compared to the European average of 34 per cent^{49,50,51}. As such, the government target does not represent a major change in land utilisation, even if the target were to increase.

To date, the UK is yet to achieve its annual planting target. However, the Scottish government remain supportive of additional planting and the Welsh and English government are taking additional steps to further encourage planting. Foresight Group believes that private markets (including the establishment of the Company) have a crucial role to play in ensuring that the countries’ environmental targets for carbon sequestration, biodiversity, sustainability and a healthy rural economy are achieved.

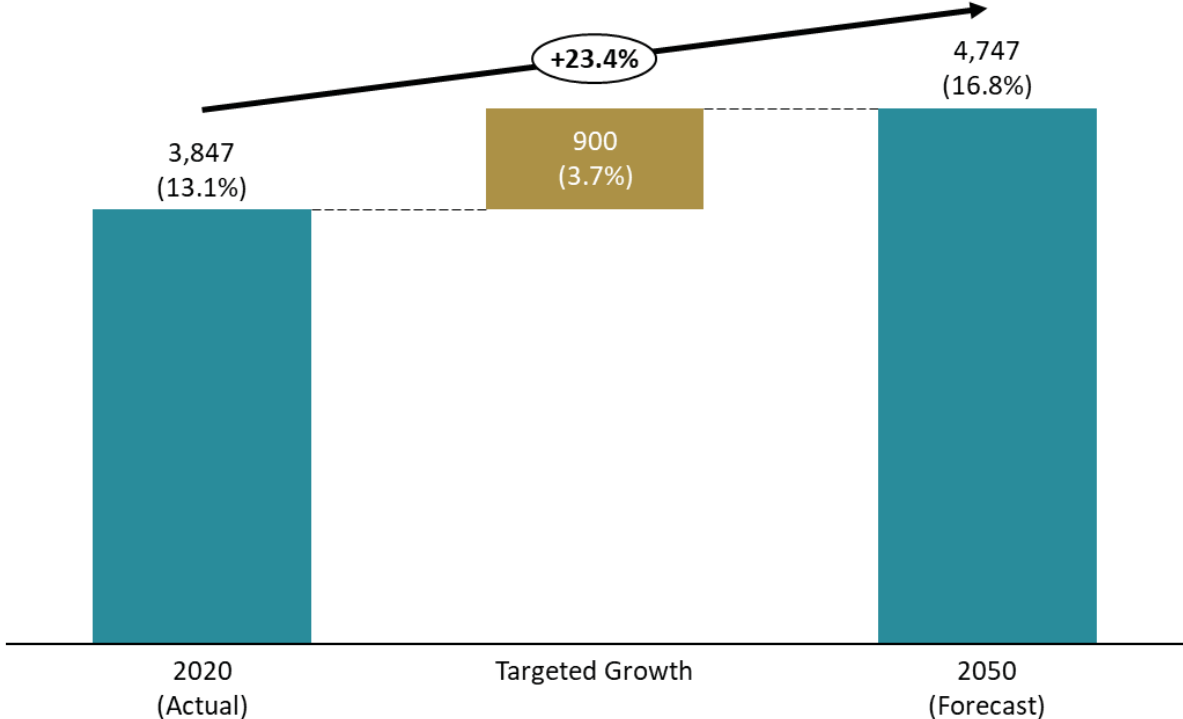
The Company’s exposure to Afforestation projects may be up to 50 per cent of Gross Asset Value. Higher allocation to Afforestation brings about a lower up-front timber yield (planting schemes will take a long time to produce timber yield). However, increased exposure to Afforestation creates more value for investors via: (i) taking more land through the Afforestation development cycle with value uplift once schemes become successfully delivered, (ii) the creation of valuable WCC Carbon Credits which help to provide cash flow and balance out the development risk taken and (iii) maximised sustainability, biodiversity and ESG impact.

Figure 17. New Forestry Planting in the UK (thousands of hectares)^{52,53}



⁴⁷ Committee on Climate Change – Land Use: Policies for a net zero UK.
⁴⁸ Implied from the fact that 17.3 million hectares represent roughly 71 per cent. of UK land area.
⁴⁹ National Assembly for Wales Research – Woodland creation in European Countries.
⁵⁰ WorldAtlas – World’s most forested countries.
⁵¹ Forestry Commission Statistics 2018.
⁵² Woodland Trust: New Planting.
⁵³ Forestry Commission Statistics 2020.

Figure 18. UK Forested Area Forecast(thousand hectares, per cent. of UK land area)⁵⁴



There is broad political support across the UK for Afforestation projects, with regional stated targets for new trees planted. In the March 2020 budget, the government committed to planting enough trees each year to cover an area the size of the City of Birmingham (30,000 hectares)⁵⁵. In May 2021, the Environment minister George Eustice set out the government plans to restore nature in England, which include:

- plans to treble the tree planting rates in England, funded through the Nature for Climate fund, which has £500 million of support. The government will help support this through a major new multi-million pound tree planting grant – the England Woodland Creation Offer (EWCO) – this will provide greater financial incentives for landowners and farmers to plant and manage trees;
- creation of three new community forests through Trees for Climate, enabling planting of 6,000 hectares of new woodland by 2025;
- extending the Urban Tree Challenge Fund, which provides support for planting and establishment of trees in urban areas;
- providing additional funding as part of the Local Authority Treescapes Fund, to plant trees outside of woodlands for the benefit of local communities; and
- expanding the size of the nation’s forests by working with public and private landowners to create new woodlands under Forestry England’s management and through Forestry England’s Woodland Creation Partnership.

⁵⁴ Forestry Commission Statistics 2019.

⁵⁵ <https://www.gov.uk/government/publications/budget-2020-documents/budget-2020>

Similar incentives are available in the rest of the UK as well, namely:

- Glastir Woodland Creation Scheme, provided by the Welsh government, through which financial support is offered to farmers and land managers. Additionally, the government's *Plant!* programme has seen a tree planted for every baby born or adopted in Wales since January 2008. Furthermore, The Woodland Trust's MOREwoods scheme is designed to support planting of small woods or scattered plantings covering at least half a hectare (1.25 acres).⁵⁶
- The Scottish Government has the ambitious target of planting 10,000 hectares of trees every year, to increase to 15,000 hectares per year within 10 years. To that end, the government provides the Forestry Grant Scheme, with a range of support options covering planting, woodland protection, harvesting and more. The average grant is over £4,000 per hectare and the grant is broad, covering planting projects under 1 hectare to over 500 hectares. Furthermore, the Small Woodland Loan Scheme is available to provide support to carry out the required work to create new, small woodlands before financial support can be obtained from the Forestry Grant Scheme.⁵⁷
- In Northern Ireland, Environment Minister Edwin Poots launched the Forests For Our Future programme in 2020, where the government pledged to plant 18 million trees by 2030 and create 9,000 hectares of new woodland. Subsequently a fund of £4 million was created to support farmers and other landowners in planting native trees in smaller areas.⁵⁸

The government recognises that forestry is an economically important sector, particularly in often neglected parts of England and has set out how thousands of new green jobs can be created through forestry and wood processing. The forestry and wood processing industry employs more than 50,000 people and the government believes that forestry can play a big part in delivering a green recovery from the pandemic.

Afforestation projects are reliant on the purchase of agricultural land, which represents a sizeable market with an estimated c. £782 million traded in 2019. UK farmland currently constitutes c. 71 per cent. of total UK land (17.3 million hectares), whilst farmers are just 1.5 per cent. of the British population and agriculture's contribution to the national economy was at < 1 per cent. in 2020⁵⁹. Pastures and semi-natural grasslands, the main land types for Afforestation, constitute close to 40 per cent. of the land in the UK (22 per cent. and 17 per cent. respectively).⁶⁰

⁵⁶ <https://naturalresources.wales/guidance-and-advice/business-sectors/forestry/woodland-creation/support-available-for-new-woodland-creation/?lang=en>

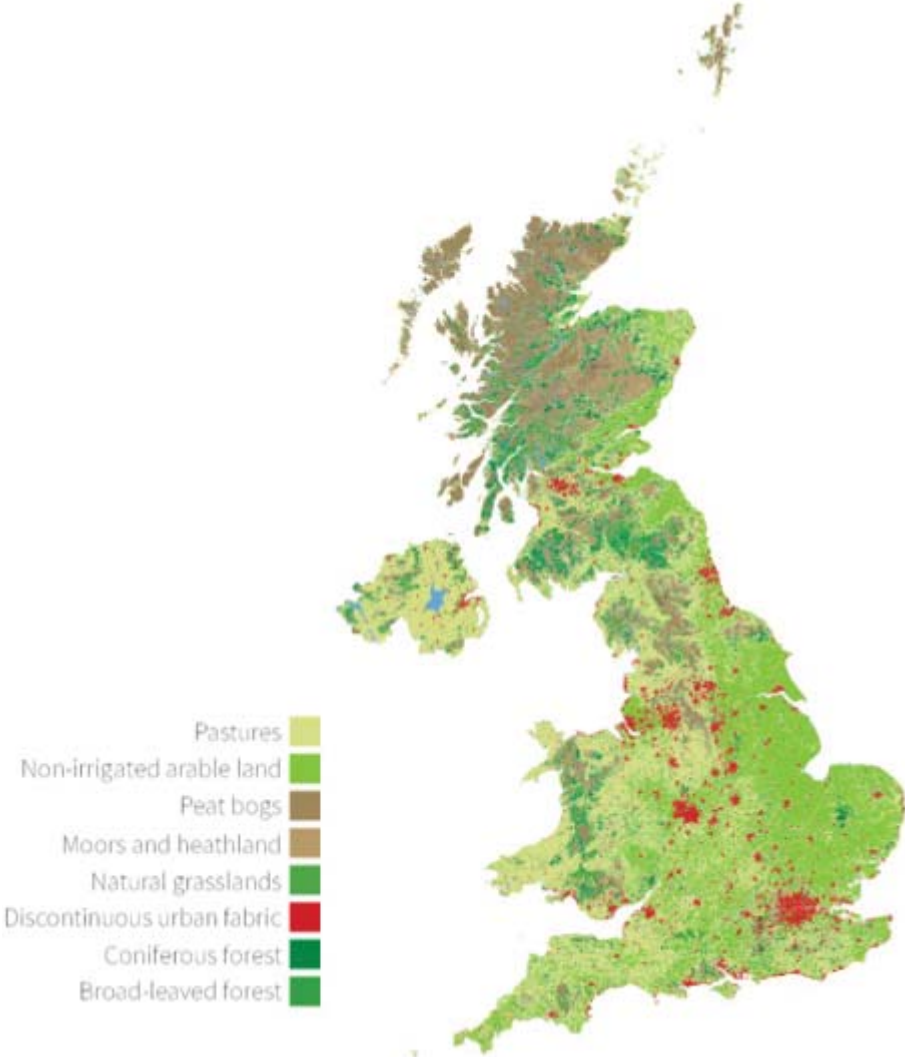
⁵⁷ <https://forestry.gov.scot/support-regulations/woodland-creation>

⁵⁸ <https://www.northernireland.gov.uk/news/poots-announces-ps4-million-small-woodland-grant-scheme-support-forests-our-future-programme>

⁵⁹ National Statistics Agriculture in the United Kingdom 2020.

⁶⁰ Office for National Statistics, UK Natural Capital Land Cover in the UK, 2015.

Figure 19. UK Land Cover (based on 2012 data)⁶¹



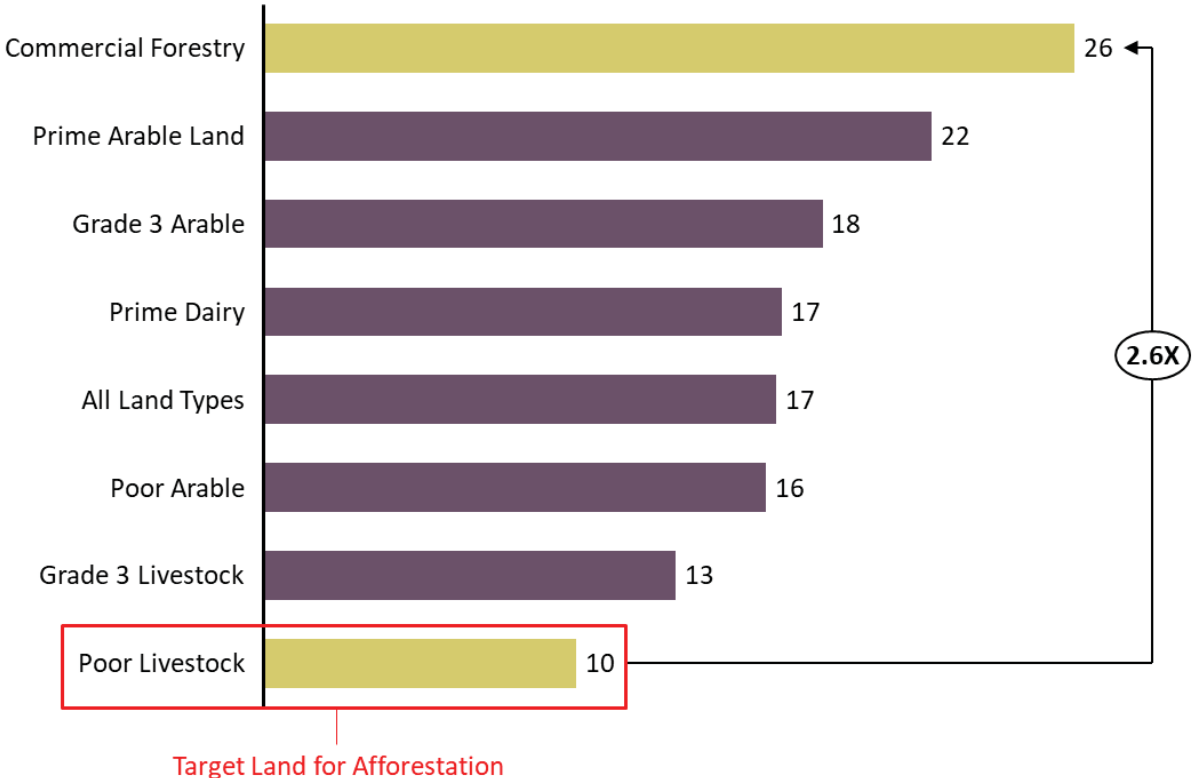
UK farmland constitutes £216 billion of value and has experienced a 1.9 per cent. reduction in average land values since the Brexit referendum of 2016⁶². 47,000 hectares of farmland was openly marketed in 2019, which is a new record low based on available figures recorded from 1993. Based on an average price of £16,523 per hectare⁶², this suggests a 2019 transaction volume of c. £782 million. Despite contractions, this shows that the agricultural market remains large. Much of this agricultural land is anticipated to be suitable for Afforestation purposes – land and soil that might not be suitable for particular agricultural crops (e.g. cereals) may still be appropriate for tree growth.

In order to create meaningful returns from Afforestation projects, it is preferable to acquire relatively cheaper agricultural land for planting purposes. Based on current farmland values, converting largely sub-economic grazing land into a commercial forest can increase the value of the asset by 2-3x over an 8-10 year investment horizon.

⁶¹ Land Cover Atlas of the United Kingdom.

⁶² Savills: The Farmland Market 2020.

Figure 20. UK Farmland Value (GBP thousands per hectare)^{63,64,65}



The UK Department for Environment, Food & Rural Affairs (“DEFRA”) keeps track of “Less Favoured Areas” (“LFA”) with the goal of providing support to mountainous and hill farming areas⁶⁶. LFAs are designated to enable support of farming where production conditions are difficult. In England alone, LFAs covered c. 9 million hectares of land, with the largest proportion of such land areas being used for cereal farming but also with areas of pasture and livestock grazing ground. Hill farms are often designated as LFAs – and parts of these are anticipated to be relatively cheaper land, much of which is suitable for Afforestation.

With the tapering of the Basic Payment Scheme (“BPS”) payments and the Countryside Stewardship payments as a result of Brexit, farm and estate owners in the UK are facing an increased uncertainty over what the replacement policies such as Environmental Land Management schemes (“ELMs”) and Standalone Sustainable Farming Incentive (“SSFI”) will mean for their farming businesses⁶⁷. UK farming is currently experiencing a significant transition. Some landowners and their heirs will no doubt continue in the post Brexit farming regime. Others may look for funding and/or equity partners. Others may sell, preferring a capitalised lump sum⁶⁹. Afforestation involves complex design and planning in order for permits, planting grants and WCC accreditation to be secured and this can take up to two years. It takes circa three years to successfully establish a healthy growing forest. Multiple years of tree growth are required before thinning and felling revenues are received and, in Foresight Group’s view, the best pricing for voluntary carbon units is likely to be secured in the 2030s. The long-term capital commitment for Afforestation targets (30,000 hectares per annum to 2050) to be met is very material (£10bn+). This therefore represents a material market opportunity for the Company to play a significant and positive role in contributing to increased biodiversity levels, climate change mitigation and increased supply of much needed sustainable timber in the UK.

The Company so far has identified 324,000 hectares of land in Scotland, 166,000 hectares in Wales, and 68,000 hectares in Northern England deemed suitable for Afforestation projects. In its

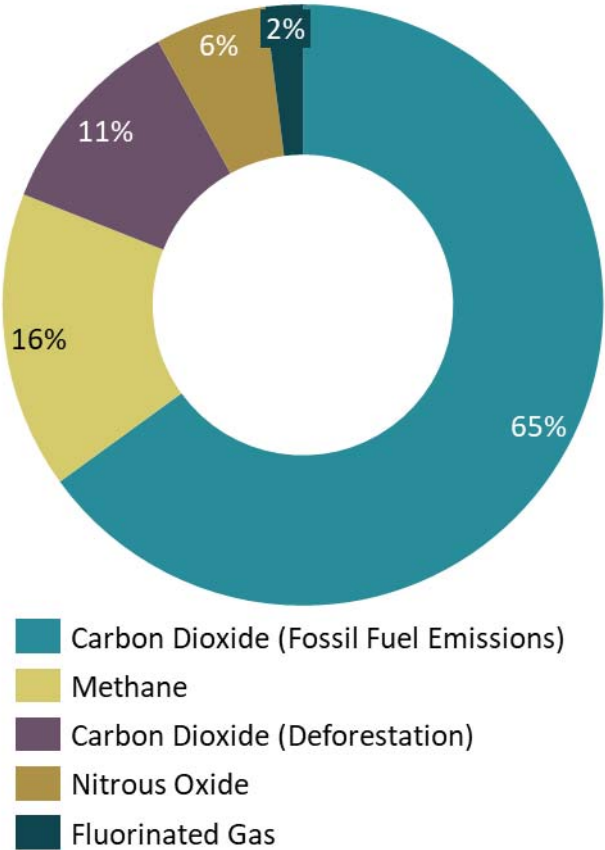
⁶³ Savills – Spotlight: The farmland market 2021.
⁶⁴ John Clegg & Co – UK Forest Market Report 2020.
⁶⁵ Foresight analysis.
⁶⁶ DEFRA: Less Favoured Areas.
⁶⁷ Financial Times, *New Lay of the Land – UK Farmers Face an Uncertain Future*, May 2021.

first year, the Company intends to invest into 7,000 hectares of Afforestation projects, in addition to the 3,000 hectares already present in the seed portfolio.

1.7 Climate Change and Voluntary Carbon Markets

Climate change is the greatest threat to human health in history⁶⁸. The concentration of Green House Gases (“GHGs”) in the earth’s atmosphere is directly linked to the average global temperature on Earth⁶⁹.

Figure 21. Global Greenhouse Gas Emissions By Gas⁷⁰



The Paris Agreement sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C. The Paris Agreement is the first-ever universal, legally binding global climate change agreement, adopted at the Paris climate conference (COP21) in December 2015.⁷¹ Several countries, including the UK, have made further commitments to achieve net-zero emissions consistent with this outcome.

The United Nations Climate Change Conference (“COP26”), is to be held in November 2021. Countries will update their plans for reducing emissions that will reflect their highest possible ambition. COP26 recognises the twin threats of climate change and biodiversity loss. As there is no pathway to net zero without protecting and restoring nature, COP26 has encouraged countries to include nature-based solutions in their climate plans. Further, COP26 has explicitly encouraged the protection and restoration of forests⁷².

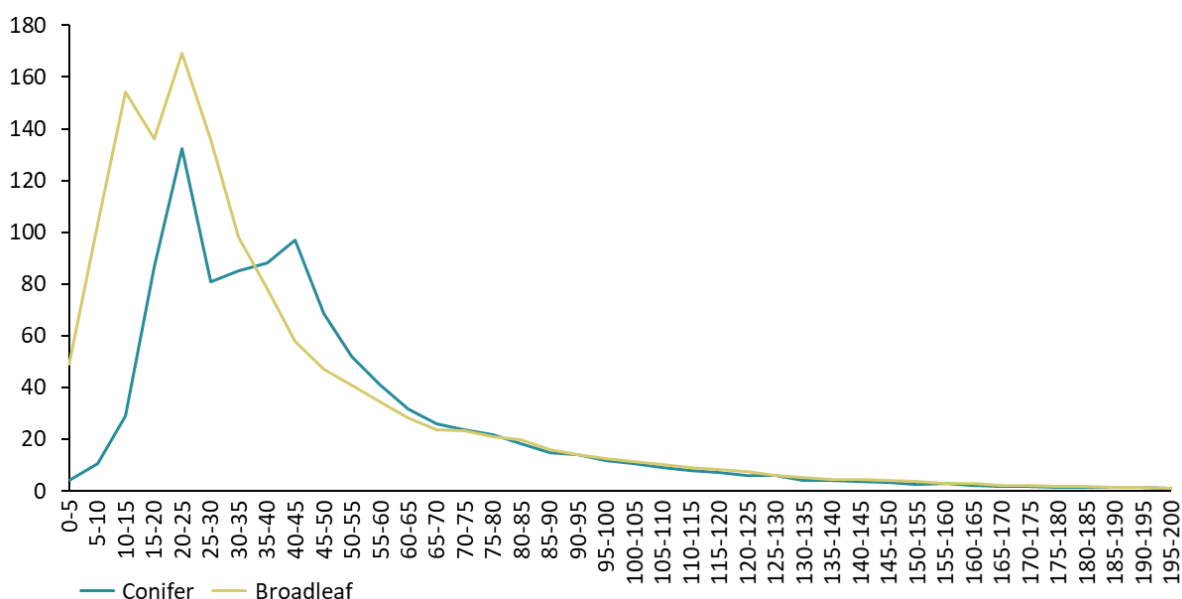
⁶⁸ IPCC Global Greenhouse Gas Emissions Data, 2014.
⁶⁹ World Meteorological Organization – State of the Global Climate 2020.
⁷⁰ IPCC – climate Change 2014: Mitigation of Climate Change.
⁷¹ UN Paris Agreement 2015.
⁷² UN Climate Change Conference UK 2021 – COP26 Explained.

Carbon sequestration by forests is widely recognised to play a leading role in the fight against climate change:

- As trees grow, they absorb and store CO₂ directly from the atmosphere. Further, timber products can deliver substantial net carbon benefits, as carbon remains locked up in wood-based products. Furthermore, when wood is used as an alternative to more carbon-intensive materials (such as concrete, steel, and aluminum), there is further offsetting benefit due to avoidance of CO₂ emissions.
- The World Economic Forum (“WEF”) have launched an initiative to grow, restore and conserve one trillion trees globally to restore biodiversity to fight climate change⁷³.
- WEF estimates that nature-based solutions (such as forestry) can provide up to one-third of the Paris Agreement emission reduction targets required by 2030⁷³.
- UK government commit to planting 30,000 hectares of forests per annum to meet net zero emissions targets by 2050 – equivalent of planting a forest the size of Birmingham annually⁷⁴.

The two main types of trees – broadleaves (hardwood) and conifers (softwood) – have different growth profiles, which affects their ability to capture carbon in their stem. Conifers, to which Sitka spruce belong, tend to grow faster, making them ideal for timber production. However, much is dependent on the quality of the soil in which the tree is planted – for example, soil of relatively lower quality which limits Sitka spruce yield class at 12, would see a broadleaf of same yield class capture more carbon, quicker.

Figure 22. Cumulative carbon captured in a 5-year period (tCO₂e/ha/5-year period), on lower quality soil, supporting Sitka spruce with a yield class of maximum 12⁷⁵



Additionally, the ground around broadleaf trees tends to have increased biodiversity and capture more carbon in the soil as well, further supporting the role of broadleaves for lower-yield land. As such, the Company will ensure the right balance is found for all acquired land, taking into account the timber yield, the carbon yield, and the overall biodiversity, Sustainability, and ESG aspirations of the Company.

It should be noted that the above only applies to lower-quality soil, unable to support Sitka spruce yield class of more than 12. Yield class is related to the growth potential of trees and on higher quality soil, Sitka spruce can achieve a yield class that is significantly higher than broadleaves. The figure below indicates the carbon sequestering capability of Sitka spruce with a yield class of 24,

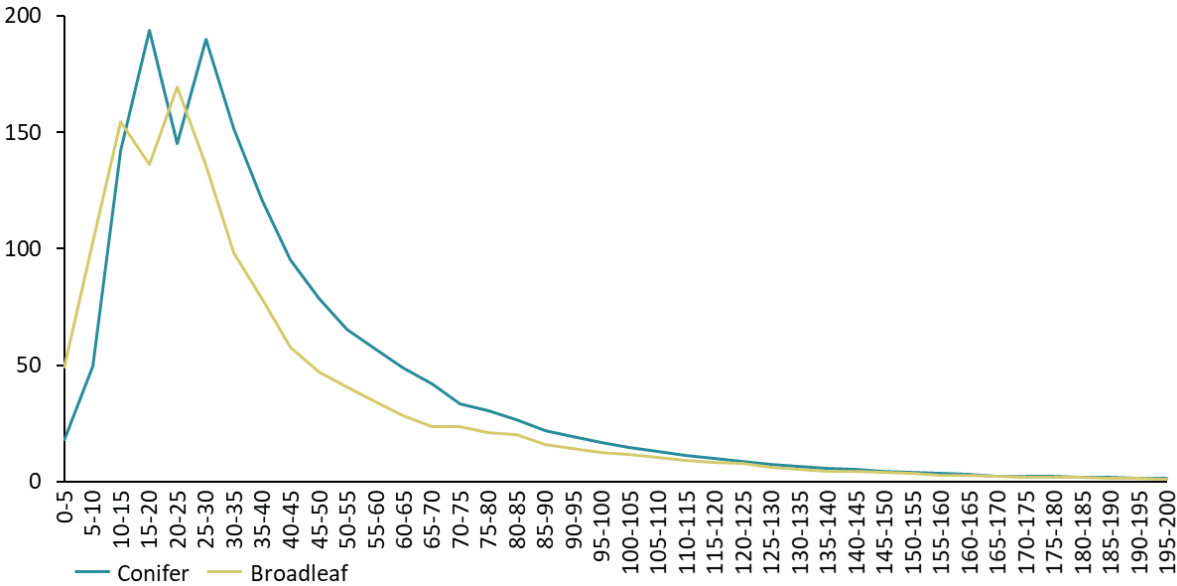
⁷³ <https://www.weforum.org/agenda/2020/01/one-trillion-trees-world-economic-forum-launches-plan-to-help-nature-and-the-climate/>

⁷⁴ <https://www.gov.uk/government/publications/budget-2020-documents/budget-2020>

⁷⁵ Woodland Carbon Code Calculator.

the minimum target for the Company’s planting and replanting schemes, compared to broadleaves with a yield class of 12. From carbon sequestration, as well as timber yield perspective, Sitka spruce would be the preferred species.

Figure 23. Cumulative carbon captured in a 5-year period (t CO₂e/ha/5-year period), broadleaf (YC 12) versus Sitka spruce (YC 24)⁷⁶



In addition to above-ground carbon sequestration through forestry, it is expected that certain assets which provide peatland restoration opportunity, will be able to benefit from the voluntary carbon market as well. In the UK, the Peatland Code has been developed, which is the voluntary certification standard for UK peatland projects. The waterlogged nature of the peatlands slows down decomposition and enables plant rests to be laid down as peat, which traps the carbon. Due to unsuitable land management practices, the majority of the UK’s peatlands have in fact stopped sequestering carbon and have become a net source of greenhouse gases, emitting roughly 16 million tonnes per year of CO₂e – which is equal to half of all the reduction efforts made in the UK annually. Proper restoration and conservation of peatlands is therefore essential. The Peatland Code aims to enable this by providing comfort to corporate and other private purchasers of carbon benefits from peatlands, by giving assurance that the benefits being sold are real, additional, quantifiable, and permanent.

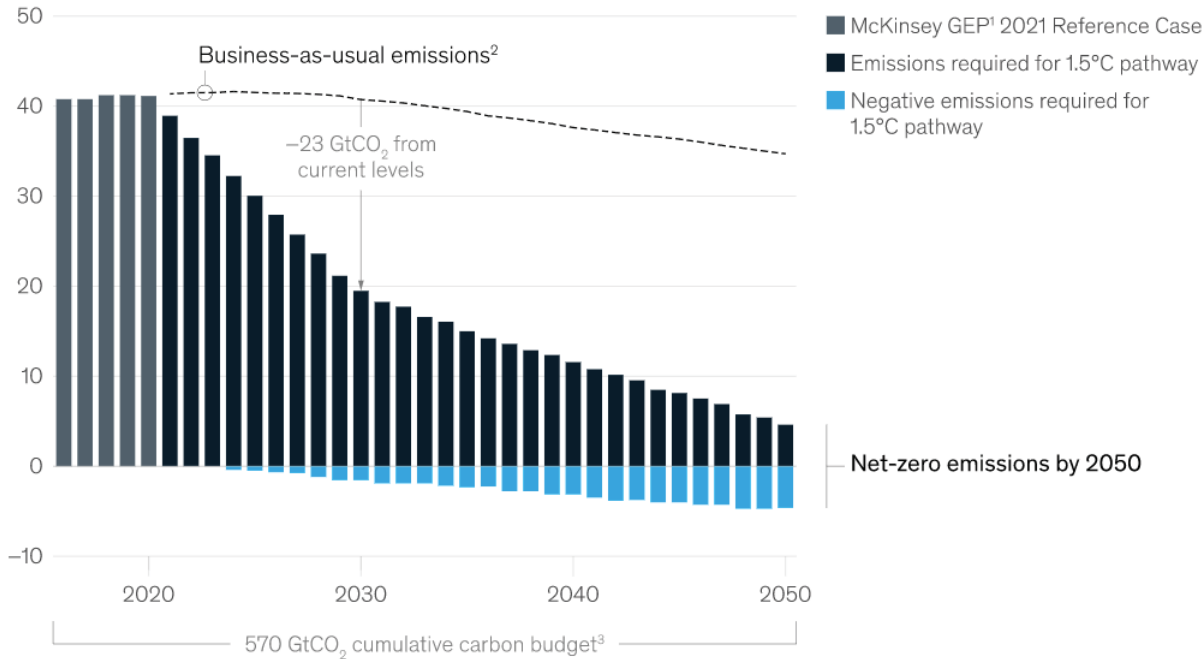
In their 2018 Special Report, the Intergovernmental Panel on Climate Change states that “all pathways that limit global warming to 1.5°C with limited or no overshoot project the use of carbon dioxide removal (“CDR”) of the order of 100–1000 GtCO₂ over the 21st century. CDR would be used to compensate for residual emissions and, in most cases, achieve net negative emissions to return global warming to 1.5°C following a peak⁷⁷. Reducing emissions presents challenges in certain industries due to the prohibitive cost of doing so or the inability to eliminate sources of emissions (e.g., the cement sector, which requires a chemical reaction, known as calcination, to produce cement at industrial scale). As a result, McKinsey envisages that a large quantity of negative emissions might be required to achieve the 1.5-degree warming target⁷⁸.

⁷⁶ Woodland Carbon Code Calculator.

⁷⁷ IPCC 2018 Special Report Global Warming of 1.5 °C.

⁷⁸ McKinsey, A blueprint for scaling voluntary carbon markets to meet the climate challenge, January 2021.

Figure 24. Global CO₂ emissions (gigatons per year)⁷⁸



¹Global Energy Perspective.

A Carbon Credit represents the right to emit a measured amount of GHGs, which is one metric tonne of carbon dioxide equivalent⁷⁹. Projects that either directly sequester GHGs from the air or prevent GHGs from entering the atmosphere can be eligible for the creation of Carbon Credits (e.g. Afforestation projects, peatland restoration). Each time a project can verify that it has reduced, avoided or destroyed one metric tonne of GHGs, one Carbon Credit can be created.

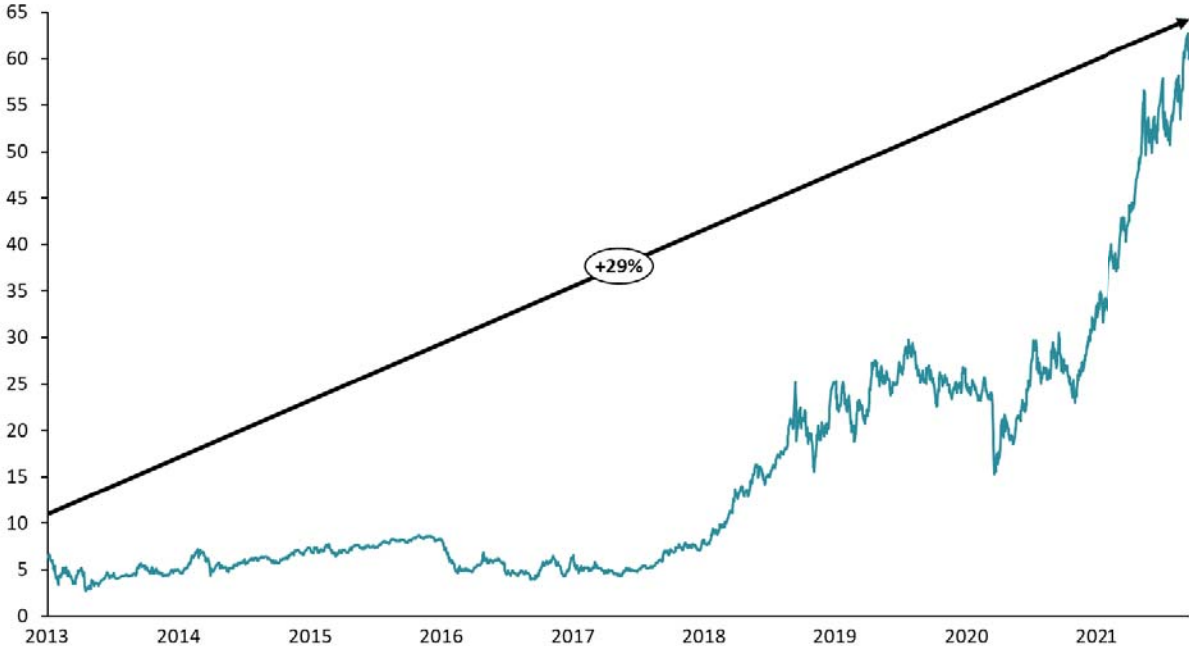
Two separate carbon markets exist: the regulatory compliance market and the voluntary market. In the regulated compliance market, offsets/credits are created and regulated by mandatory national or international carbon reduction schemes. The European Emissions Trading System (“EU ETS”) is the largest carbon market in the world. In January 2021, the Bank of England (“BoE”) issued a briefing urging banks and businesses to start assessing the risks from climate change, noting that the cost of pollution allowances will need to rise significantly in order to achieve the Paris agreement targets.⁸⁰ The BoE considers a price of US\$100 or more for carbon as a possibility, especially if the transition needs to be more abrupt. As of 30 September 2021, the price of carbon on the EU ETS was c.€62 (c.US\$71) – this is more than an eightfold increase compared to the price four years ago.

More ambitious decarbonisation targets at both government and business level have led to increased demand across all voluntary and regulated markets. Supply struggles to keep up with the increased demand, and in turn prices have been driven up.

⁷⁹ Different greenhouse gases have different lifespans and abilities in terms of trapping the heat in the atmosphere – expressing them in CO₂ equivalent (or CO₂e) provides standardisation.

⁸⁰ Bloomberg.

Figure 25. The Price of Carbon Emissions in the EU (Cost to emit one tonne of CO₂ (€))⁸¹

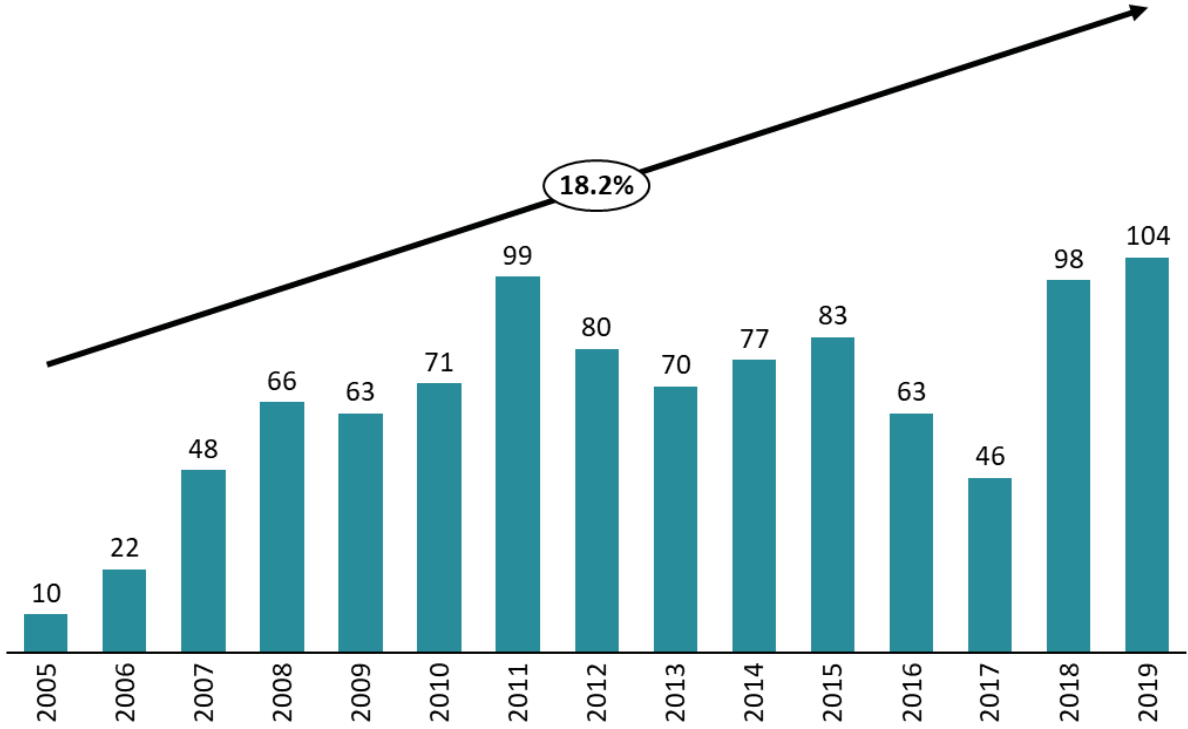


Voluntary carbon markets function outside of regulatory compliance markets and the related Carbon Credits are referred to as Voluntary Emissions Reductions (“**VERs**”). Carbon Credits are generated by projects in compliance with one of several VER standards, such as Gold Standard, the Voluntary Carbon Standard (“**VCS**”) or the WCC. The voluntary carbon market enables individuals, companies, governments and NGOs to voluntarily purchase and retire Carbon Credits to offset their emissions. VERs are mainly purchased by responsible business organisations or ethically motivated individuals. The credits are primarily obtained through decentralised exchanges in over the counter (“**OTC**”) transactions. The voluntary market is currently about one hundredth the size of the regulatory compliance market, in terms of total amount of carbon paid for. As environmental concerns move up the agenda, this gap is expected to narrow.

Key drivers of voluntary carbon offset demand are increased Corporate Social Responsibility (“**CSR**”) and expansion of types of industries engaged in carbon offsetting. Global demand for voluntary Carbon Credits has grown rapidly (18 per cent. CAGR) over the last 15 years, and it is estimated that it will need to grow 15-fold by 2030 and 100-fold by 2050 in order to meet the Paris Agreement.

⁸¹ BNEF – 2H 2021 EU ETS Market Outlook.

Figure 26. Voluntary Carbon Offset by Volume (Million tonnes CO₂e)⁸²



From 2005, the voluntary market rapidly evolved as new methodologies were being developed. The market dipped in 2012 as the depth of the global economic recession became apparent. Voluntary offset spending was cut, with most of the remaining demand moving to the regulated compliance market. The implementation of regulated systems across the globe such as the California Cap and Trade program introduced in 2013, further shifted demand towards the regulated compliance market. 2015 saw the introduction of the Paris Agreement. This regulatory limbo again reduced demand for voluntary offsets, as companies became obliged to comply with regulatory framework. In 2016, 50 per cent. of available Carbon Credits went unsold, largely due to the lack of centralised infrastructure in place. Corporate pledges subsequently rallied the voluntary markets in 2019 and record high volumes were transacted in the voluntary carbon markets, with a 6 per cent. increase between 2018 to 2019. The EU Green Deal was announced in December 2019, and its commitment to reach carbon neutrality by 2050 has led to ambitious climate strategy and increased demand for carbon offsets. Demand for voluntary carbon offsets transacted in 2019 reached its highest level since 2010.

Pricing dynamics and transparency vary significantly between verifiers, but the average price is £5-10 per tonne. Not all voluntary Carbon Credits are alike, with pricing dependent on several factors, including the stage of project, its geographical location and potential ESG related additionalities. The Company’s proposed Afforestation portfolio is intended to generate Carbon Credits that can be sold in the voluntary market.

Land suitable for Afforestation is acquired and a planning application is submitted to the local council for change of use. The project is registered with the WCC prior to planting. Following planting and within 3 years of WCC registration, a third-party validates that the project meets the WCC’s requirements. Pending Issuance Units (“PIUs”) are created upon validation. PIUs cannot be used for emission reduction targets until they have become verified. At year 5 and at least every 10 years thereafter, third-party verification occurs. Upon verification, a portion of the project’s total PIUs are converted to Verified Carbon Units (“VCUs”) for each tonne of carbon sequestered. PIUs and VCUs can be monetised by sale to individuals or to businesses with emission reduction targets. Buyers can either retire units and lay claim to the carbon sequestration or sell units.⁸³

⁸² Global Voluntary Carbon Credit Trading Industry Market Research Report.
⁸³ <https://woodlandcarboncode.org.uk/about/the-basics>

Rapid expansion in corporate net-zero pledges is expected to drive substantial demand for Carbon Credits, which can be created by Afforestation:

- United Nations Race to Net Zero campaign for businesses launched in November 2020⁸⁴.
- Net Zero Asset Managers initiative announced in December 2020 by 87 of the world's largest asset managers representing US\$37 trillion in assets under management⁸⁵.
- As of March 2021, United Nations Race to Net Zero⁸⁶ campaign has been joined by over 700 British businesses that include 30 FTSE 100 companies representing £650 billion of market capitalisation. Since November 2020, the number of British businesses making net zero commitments has risen by 241 per cent.

In November 2021, the United Nations COP26 will take place in Glasgow and is being used by the UK government as a deadline to encourage businesses to sign up to net-zero targets by⁸⁷.

1.8 Sustainable Forestry

The Ministerial Conference on the Protection of Forests in Europe (“MCPFE”) has developed the following definition of sustainable forest management, which has subsequently been adopted by the United Nations Food and Agriculture Organization: “The stewardship and use of forests and forest lands in a way, and at a rate, that maintains their biodiversity, productivity, regeneration capacity, vitality and their potential to fulfill, now and in the future, relevant ecological, economic and social functions, at local, national, and global levels, and that does not cause damage to other ecosystems”⁸⁸. The IPCC recognise that both Afforestation and sustainable wood harvesting are integral elements of greenhouse gas mitigation⁸⁹, with research by the University of Cambridge noting that “commercial forestry can play a key part in the world’s natural capital base”⁹⁰. This is supported by Forest Research who comment that “the use of woodlands to provide useful timber and other products need not cause environmental degradation and if well managed may result in improvements to the woodland area both for humans and wildlife”⁹¹. Active forestry management, if undertaken appropriately, can achieve this for the following reasons.

1.8.1 Mitigating climate change

A new study⁹² published by representatives of Bangor University (School of Natural Sciences) in Wales, the government of British Columbia in Canada and the University of Limerick (Bernal Institute, School of Engineering) in the Republic of Ireland indicates that expanding commercial conifer forestry in the UK through woodland creation would be the most efficient strategy for achieving climate change mitigation. This research, unlike the majority of previous studies which only focused on the carbon stored within the forest ecosystem (terrestrial carbon only), takes into consideration the carbon flows in the whole system: trees, soil, forestry operations, and the value chain of harvested wood products⁹³. The study found that the contribution of woodland to mitigation of climate change is maximised when the harvested wood is utilised in structural materials with a long life span. The researchers note that such use of wood also “buys time”, i.e., delaying the final use of combustion for bioenergy, allowing carbon capture and storage technologies to be further developed and deployed, could enable the CO₂ emission from combustion to be locked up permanently. The considerable yield advantage (i.e. biological growth rate) of conifer species such as Sitka spruce over native broadleaves on soil less suitable for agriculture is another factor in the crucial role it can play in the climate change battle. The report concludes the following, having run a range of forecasts including waste hierarchy focused wood use, bioenergy focused wood use, core (i.e. base case) and further ambition (i.e. UK Committee on Climate Change recommendations more

⁸⁴ GOV.UK – UK appoints champion to spur business on to net zero emissions.

⁸⁵ <https://www.netzeroassetmanagers.org/the-net-zero-asset-managers-initiative-grows-to-87-investors-managing-37-trillion-with-the-worlds-three-largest-asset-managers-now-committing-to-net-zero-goal>

⁸⁶ GOV.UK – Third of UK’s biggest companies commit to net zero.

⁸⁷ Financial Times – UK to press more businesses to sign up to net-zero carbon pledge.

⁸⁸ Woodland Trust – Sustainable management of forests, woods and trees in the UK, February 2010.

⁸⁹ IPCC – Climate Change and Land, 2019.

⁹⁰ University of Cambridge – Resilience in Commercial Forestry.

⁹¹ Forest Research – Forestry for Woodfuel and Timber.

⁹² Forster, Healey, Dymond & Styles – Commercial afforestation can deliver effective climate change mitigation under multiple decarbonisation pathways. *Nature Communications*, (2021) 12:3831.

⁹³ Forster – Commercial forestry is vital for mitigating climate change. *Trees*, Autumn 2021 issue. CharteredForesters.org

fully executed) scenarios and assuming the UK government's target Afforestation rate of 30,000 hectares per annum.

“Overall, one hectare of yield class (YC) 18 commercial forest planted in 2020 will achieve cumulative GHG mitigation of between 2.0 and 2.27 Gg CO₂e by 2120, varying by less than 8 and 10 per cent. between wood use strategy and decarbonisation context, respectively. Yield variability extends the mitigation range to 1.36–2.96 Gg CO₂e ha⁻¹ by 2120. Thus, commercial Sitka spruce forests support between 3 per cent. (relative to 100 per cent. conifer) and 269 per cent. (relative to 100 per cent. broadleaf) more GHG mitigation than conservation forests over a 100-year time horizon from establishment.”

The study found that unharvested conifer systems outperform unharvested native broadleaves, due to the faster growth and therefore faster sequestration of CO₂. When land capable of generating trees of yield class in excess of yield class 18 (the base conifer yield class used in the study) and thinning routines are applied the rate of growth and sequestration quite dramatically increases. Many of Foresight Group's Afforestation schemes will be on ground where yield class in excess of 24 and between 55 per cent. and 100 per cent. thinning is possible. Better land also provides wider opportunity for species diversity. The study also found that over the long-term, commercially harvested conifer systems outperform unharvested conifers, indicating the net benefits harvesting and using wood has to offer. In fact, up to 50 per cent. of net climate change mitigation benefit is provided by using harvested wood. This is due to (1) mature trees with relatively lower sequestering capabilities being replaced by younger trees, and (2) substitution of alternative products by wood products, especially in construction, as well as subsequent recycling of this same wood at the end of its life.

The report is very clear that the purpose of the analysis is not to discredit the importance of biodiversity and native broadleaf planting schemes. It is also not suggesting that commercial forest compartments should purely focus on Sitka spruce, despite the analysis utilising land capable of growing Sitka spruce yield class 18 as the control/baseline in the test for the applied forecast scenarios. It does, however, aim to firmly illustrate that the end-to-end carbon profile of the various Afforestation routes available to the UK at this time should be properly considered by policy makers and verification bodies and highlights the important positive role that Commercial Forestry can play in the climate change battle. This is in line with Foresight Group's views on sustainability and ESG.

1.8.2 Climate change impact – Pro-active forest management increases the capability of forests as net carbon sinks

The choice of thinning regime, harvesting and crop rotation decisions, understorey management, species selection at point of re-stocking and soil management can all play a part in the overall productivity and efficiency of a forest. Modern forestry techniques are generating accelerated rates of tree growth and higher overall forest timber productivity.

Trees absorb CO₂ as they grow, but not at consistent rates throughout their lifespan. For a commercial conifer in the UK the period during which peak growth (measured using annual increment expressed as percentage of cumulative volume) is generally experienced is typically between year 15 and year 30 from planting. Commercial trees will continue to grow at reasonable rates in the UK beyond the point of harvesting maturity is reached. However, replacement of mature trees with younger trees which are growing more rapidly can therefore maximise weighted average annual rates of carbon sequestration. A typical Commercial Forestry hectare annually stores the equivalent of c.4 tonnes of CO₂ in its stems⁹⁴. This is equivalent to the emissions from a diesel car that has travelled c.20,000 kilometres⁹⁵.

Where forests can increase the average volume of standing stock of timber over the medium to long term (noting that annual fluctuations in standing stock levels are inevitable due to the harvesting cycle) via pro-active forest management whilst also targeting increased harvesting productivity (in tonnes or cubic metres per hectare of timber yield) this represents the largest positive impact that Commercial Forestry can have in the urgent fight against climate change.

Foresight Group does not believe that leaving commercial forests standing until they reach full maturity is the optimal way to address the climate crisis. Once commercial conifers reach maturity they become much more susceptible to damage from wind blow and eventually will expire and

⁹⁴ Assumes one cubic meter of stem wood contains carbon equivalent to 750 kg of CO₂ and a hectare of forest grows at 5 cubic meters p.a. Source: Nordic Forest Research.

⁹⁵ Nordic Forest Research – The climate benefit of the Nordic Forests.

decompose releasing greenhouse gases (aside from some elements of carbon that the soil re-absorbs as part of the composting process). The risk of forest fire and bark beetle attack also becomes higher if commercial trees are left to reach maturity and decompose, as commercial forests are not designed to function in that way.

Commercial forests currently managed by Foresight Group include long term Commercial Forestry retention zones, native broadleaf areas, areas of open ground, areas of open and running water, areas of rich natural habitat and peatland areas which are not commercially focused. Some areas within forest properties lend themselves more to natural capital enhancement and restoration projects than they do to Commercial Forestry focus. Foresight Group is supportive of this, as is explained further below.

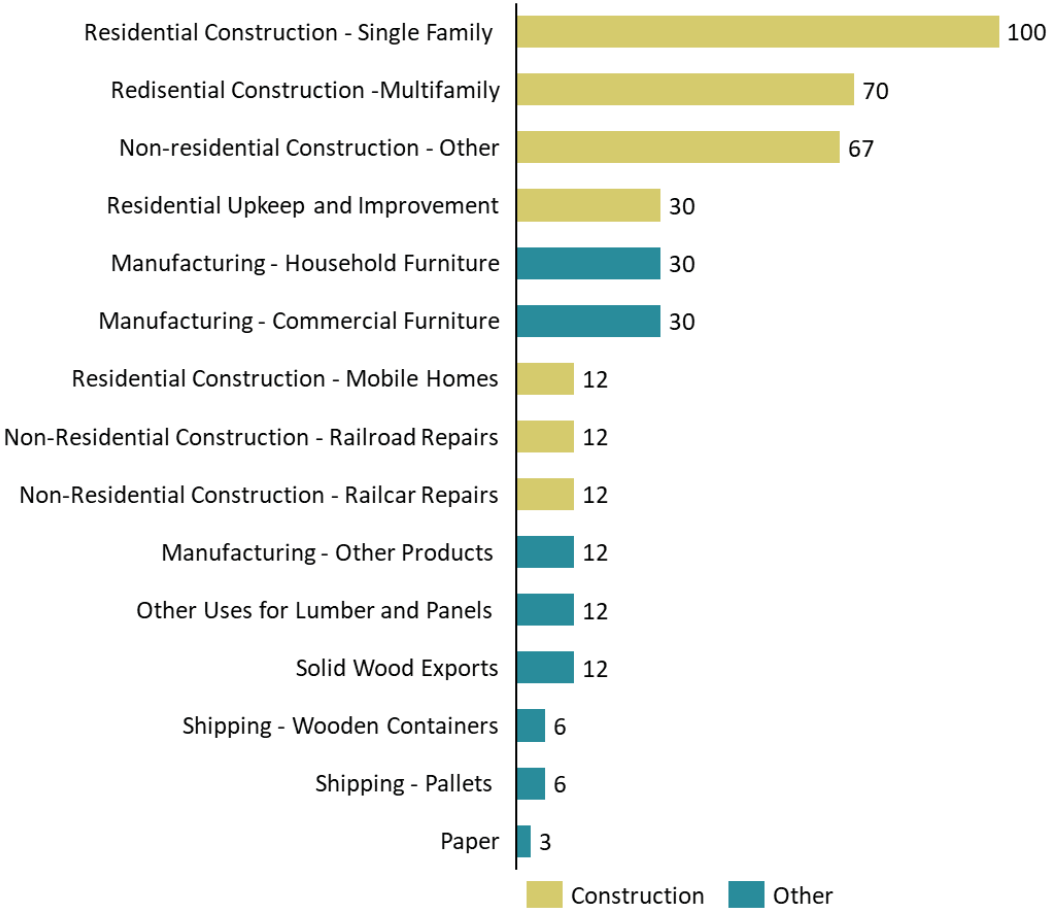
However, better managed Commercial Forestry areas can increase their average net carbon sink level whilst, at the same time, producing more timber products than before. Furthermore, those timber products can displace the use of less sustainable materials.

1.8.3 Climate change impact – Displacement of unsustainable alternatives of higher carbon footprint with timber materials

Substituting fossil fuel-intensive materials with timber products can create further climate benefits. Harvesting trees and using them for various products ensures the stored carbon is locked up for decades. The Kyoto Protocol set out a series of average decay rates (half-life) for harvested wood product categories. Both residential and non-residential construction related harvested wood products offer the most substantial carbon storage half-lives of up to 100 years.

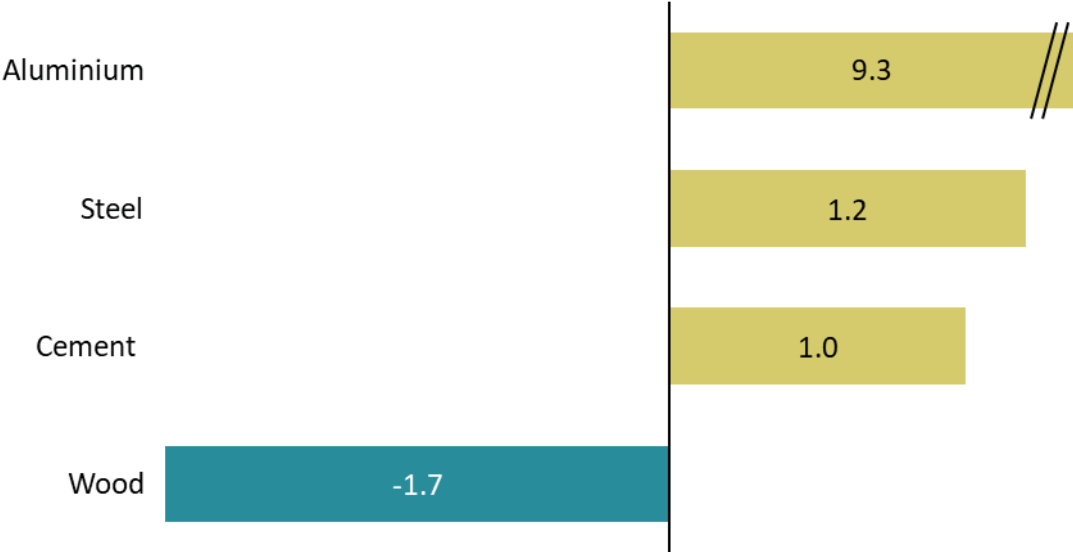
Replacing materials heavily dependent on fossil fuels (such as aluminium, cement or steel) with sustainable timber materials provides additional carbon displacement benefits. Materials such as cement, steel and aluminium are fossil fuel-intensive to create – releasing CO₂ into the atmosphere. By substituting such materials with timber products, the release of CO₂ is avoided.

Figure 27. Half-lives Harvested Wood Products by End Use (Number of Years)⁹⁶



⁹⁶ Harvested Wood Products and Carbon Substitution: Approaches to incorporating them in market standards – Forest Research (The Research Agency of the Forestry Commission).

Figure 28. Net CO₂ Emissions Per Tonne Produced⁹⁷



1.8.4 Climate change impact – Conclusions

The Company has the following goals:

- i) material Afforestation which will sequester additional carbon versus current baseline;
- ii) increased net carbon sink position over time of overall portfolio; and
- iii) maximum timber production to displace alternative unsustainable materials.

If the Company is successful in these aims it will generate a substantial climate change impact. The Foresight Group will use the latest techniques and practices, when these can reasonably be reliably and economically implemented, to monitor and report this impact to investors as the Company progresses, grows and executes its strategy.

1.8.5 Restrictions on timber harvesting

UK forestry is heavily regulated by the government’s UK Forestry Standards (“UKFS”). Under the guidelines of the UKFS timber harvesting is restricted, usually so that no more than c.25 per cent. of any forest can be harvested in a five-year period. This applies to all projects that are more than 100 hectares (irrespective of age profile), which prevents clear-felling. This will be agreed as part of the forest management plan. Harvesting is dependent on being granted a timber felling license by the regional forestry authority. Some native broadleaves (typically not a commercial crop) can be coppiced and thinned for revenues – but more commonly these will be left to reach maturity naturally. At this point they fall to the ground and decompose, which re-releases the majority of their carbon into the atmosphere, with some carbon being re-absorbed by the soil. On this basis, whilst accepting that the trees stand for longer than those that are commercially grown and harvested for timber and accepting that natural regeneration can occur, native broadleaves should not be considered permanent.

1.8.6 Restocking of felled areas

Forest owners with forests above 100 hectares applying for the Forestry Grant Scheme must have an approved Woodland Management Plan (“WMP”), which dictates how felled areas are restocked⁹⁸.

Commercial conifers are harvested at a point in their life when their growth rate has reached its plateau. The guidelines of the UKFS do not allow Commercial Forestry areas to be clear felled whilst the trees are in their prime period of biological growth. Furthermore, it does not make commercial sense to harvest them during that prime growth period.

⁹⁷ New Zealand Forest Owners Association – Forestry Facts & Figures 2019/20.

⁹⁸ Forestry Commission Scotland, Long Tem Forest Plans Applicants Guide (<https://forestry.gov.scot/publications/132-long-term-forest-plans-applicant-s-guidance/viewdocument/132>)

Once timber harvesting has occurred, restocking is incentivised via restocking grants which help to cover some of the related costs. If forest owners fail to re-stock in line with the WMP then restocking liabilities are recorded and charged against the land on a public register. The liabilities will show up during property searches that are carried out as part of legal due diligence during sale and acquisition processes. Some mature commercial forest properties may not currently meet the minimum requirements of UKFS and/or be in line with Ecological Site Classification (“**ESC**”) guidelines. The WMP requires the forest owner to show progression in bringing their forest in line with the latest best practices of UKFS.

Restock areas can be left to regenerate naturally, rather than through intervention. However, it is a condition of felling permission that a certain number of stems per hectare must be achieved by year 10 after harvesting. If natural regeneration does not result in the requisite number of stems per hectare then the landowner must make up the shortfall through additional planting. Slower growth rates and tree density means that a hectare left to regenerate naturally will sequester less carbon than a hectare that is actively managed and densely stocked.

Foresight Group is supportive of forestry practices including continuous cover and natural regeneration as well as rotational clear-fell harvesting and full manual re-stock where these are appropriately administered and carried out in line with UKFS. In Foresight Group’s view, each forestry property and each piece of forestry land is different and applying different silvicultural practices to achieve a range of forestry aims, be that sustainable timber production or more of a focus on biodiversity creation, are all legitimate sustainable activities.

1.8.7 Not just about emissions – Sustainable forestry presents multiple other sustainability and ESG opportunities

In addition to the contribution to the fight against climate change, properly planned and managed commercial forest properties offer other ESG benefits⁹⁹:

- protected areas of rich natural habitat and biodiversity;
- clean water benefits;
- soil erosion, flood and landslide resilience;
- supporting rural jobs;
- supporting the UK economy through trade of timber; and
- active engagement enabling educational and health benefits for local communities.

Additionally, proper active management of forestry enables the obtainment of FSC and PEFC certification. FSC certification indicates compliance with the highest social and environmental standards on the market. PEFC is an international, non-profit, non-governmental organisation which promotes sustainable forest management through independent third-party certification. Both certification programmes aim to protect forests and ensure the timber is responsibly sourced.

The Company expects to achieve and will aim to exceed the requirements of compliance with the EU Green Taxonomy and Article 9 of the Sustainable Finance Disclosure Regulation (“**SFDR**”).

The Company will directly contribute to five of the United Nations SDGs: Goal 3 (Health, Wellbeing); Goal 6 (Clean Water, Sanitation); Goal 12 (Responsible consumption/production); Goal 13 (Climate Action) and Goal 15 (Life on Land).

Foresight Group will apply its Sustainable Evaluation Tool (“**SET**”) when making investments and in the period of management following investment to ensure that these (and the carbon sequestration) characteristics and attributes within the Group’s forestry portfolio are maximised.

1.9 UK Forestry Standards (“UKFS”)

UKFS puts responsibility on forest owners to practice sustainable forest management. In some instances, Foresight Group elects to exceed UKFS.

UKFS is overseen and monitored by Scottish Forestry, the Forestry Commission and Natural Resources Wales. To encourage biodiversity, projects are required to meet mandatory minimums for areas of broadleaf/hardwood, open ground, long-term retention, and conifer/softwood species mix.

⁹⁹ Forestry Commission, Social and environmental benefits of forestry, November 2004.

The primary revenue stream for the Group will be the sale of commercially grown timber. All the Group's forests will comply with UKFS principles. However, in some forests, Foresight Group voluntarily chooses to exceed the mandatory minimums. For example, in one of the current sites forming part of the Target Seed Forestry Assets, c.50 per cent. native broadleaf will be planted in an Afforestation area. The site also has potential for peatland restoration and a considerable re-wilding project (with Commercial Forestry areas interspersed). The site is more than large enough and connected enough to provide ecosystem services for a host of plants and animals. Other examples of natural capital opportunities across the portfolio include moorland restoration and the integration of c. 100 acres of existing Caledonian pine and other native broadleaf areas with connected corridors of open ground and waterways (amongst the Commercial Forestry compartments) to provide the ecosystem services that are required for the generation of material levels of additional biodiversity.

Foresight Group is currently exploring the best ways to progress and execute the many natural capital opportunities across the portfolio. Foresight Group believes that the optimum way to do this is to blend biodiversity enhancement with the financial security offered by a successful Commercial Forestry business. The choice to focus primarily on natural capital and biodiversity occurs when the site lends itself to such endeavours as much as (or more than) sustainable timber production. Factors such as altitude, soil quality, land gradient, wind exposure and climate all affect such decision.

For Afforestation projects (the change of land use from traditional farming to forestry), Foresight Group considers sustainable forest management from the start of project development. The regional forestry authority, such as Scottish Forestry, and the local planning authority must approve scheme designs before planting is progressed. Approval is dependent on the scheme being in accordance with UKFS amongst other factors. Foresight Group will consult with communities as part of the development process of the scheme.

In Foresight Group's view, UKFS are very well respected in the global forestry community and adopt a progressive stance in increasing the supply of low carbon sustainable timber products into the market. In addition, UKFS encourage increased species mixes and higher levels of overall biodiversity through improved forest designs, which can take effect as existing forestry areas are re-stocked and new Afforestation projects are put in motion. As a sustainable investment and asset manager, Foresight Group also regularly identifies forestry opportunities where exceeding UKFS requirements (rather than simply meeting them) can deliver additional sustainability, biodiversity and ESG impacts whilst also generating strong commercial and financial returns.

1.10 The emerging market for Biodiversity Net Gain

Foresight Group will report on Sustainability and ESG as part of its service to the Company. As part of that, Foresight Group will keep a Natural Capital Inventory for each forest which can be aggregated into a portfolio-wide data set. Foresight Group will use the data to actively celebrate and protect the existing biodiversity areas in the portfolio whilst also pro-actively carrying out wilding, re-wilding, biodiversity and ecosystem services enhancement projects where it is possible to do so in conjunction with Commercial Forestry operations.

In and amongst the Commercial Forestry assets forming part of the Target Seed Forestry Assets there is already rich existing natural capital. There are areas of Sites of Special Scientific Interest, Special Areas of Conservation, native broadleaf areas, riparian areas around rivers, burns, lochs and lakes, forestry Long Term Retention areas, rides of open ground in between forestry coups/ compartments and large areas of open ground and hillside. Some of the Afforestation schemes within the Target Seed Forestry Assets will have well in excess of the mandated minimum native broadleaf areas and other such areas that contribute to Natural Reserve. There will be opportunity to enhance natural capital and biodiversity in areas that sit adjacent to the Commercial Forestry areas. There will also be opportunity to enhance the natural capital in areas that sit amongst the Commercial Forestry areas themselves.

As well as delivering best in class and generally beneficial Sustainability and ESG credentials for investors, the keeping of these records and the carrying out of such enhancement projects (measured against a strong baseline dataset) will also potentially allow a further financial business upside opportunity for the Company in the form of biodiversity credits. Foresight Group expects this nascent market to develop in a format similar to Carbon Credits. It is Foresight Group's expectation that in the UK there will be verifiers of biodiversity generated as well as systems, controls and

centrally held registers to regulate and monitor the underlying functionality and adherence of the market of the units that are traded.

The development of the market stems from introduction of the UK 2020 Environment Bill (Chapter 3, Part 6) which introduces the concept of biodiversity net gain in the English planning consent system. In simple terms, to achieve planning permission development projects will need to demonstrate that their project will create a plus 10 per cent. positive additional biodiversity net gain (“BNG”). Where that cannot be achieved on site the developer or applicant for planning will need to secure a requisite number of biodiversity credits from elsewhere in order to lay claim to plus ten percent overall positive BNG in the region relating to their scheme.

According to the Ends Report, the Environment Bill’s biodiversity net gain measure will “create a market worth hundreds of millions of pounds annually, with the government’s goal of building 300,000 homes a year likely to necessitate the creation of thousands of hectares of offsets.”¹⁰⁰ Specifically, DEFRA indicates that the need for additional offsets will equate to 5,700 hectares per annum, or the equivalent of 40 Hyde Parks. DEFRA also estimates £800 million of potential annual biodiversity net gain market, with cost per biodiversity unit charged by existing off-site compensation schemes being in the range of £6,000 to £25,000. The Environment Bank, which works with developers, planning authorities, and landowners to provide solutions for BNGs, estimates the market to be at least £500 million a year¹⁰¹.

An analysis performed by the estate agent Savills in 2020, indicated that land of roughly 68,000 hectares would be needed to offset the one million new homes proposed for the area known as the Oxford-Cambridge Arc, if all the biodiversity units were replaced offsite. According to the analysis, the BNG market has “significant potential” and offers “significant new income streams for landowners and managers”¹⁰².

It is an early stage-market whilst the Environment Bill is passing through the latter stages of the House of Lords at the time of this document and is expected to become legislation in Autumn 2021. However, Foresight Group believes that it is likely that a market for biodiversity units is likely to emerge in the UK in the near to medium term future, especially in light of the UK’s deteriorated biodiversity over the past decades. Since 1970, the abundance of priority species has declined by 60 per cent. and 80 per cent. of land is said to be within half a mile of a road¹⁰¹. The Group will be rich in biodiversity and natural capital enhancement and net gain opportunities, which means it will be well positioned to supply biodiversity units in that market in exchange for monetary compensation.

1.11 Recent activity in the timber sector

There is continued investment in the timber sawmill and processing industry in the UK. Over the last few years, transactions made in this space include acquisitions made by financial sponsors such as Endless LLP (BSW Timber Limited)¹⁰³, Hadleigh PVT (Meyer Timber, Panelco Limited, Timbmet, and Premium Timber Ltd)¹⁰⁴, Cairngorm Capital (Arnold Laver & Co Limited)¹⁰⁵, Rubicon Partners (Consolidated Timber Holdings Group)¹⁰⁶, as well as trading companies such as Huws Gray (Buildbase)¹⁰⁷. These investments underline the growth potential seen in the timber sector and the sector’s critical role in supporting the UK’s commitment to carbon neutrality and increased usage of sustainable raw materials.

2. Why is the Company being launched now?

Investors and companies are currently facing an inflection point, with calls for action on climate change becoming more urgent by the day, sustainability and ESG considerations further gaining in importance, and the risk of inflation increasing through deglobalisation, supply chain bottlenecks,

¹⁰⁰ Ends Report, *The net gain gold mine*, November 2020.

¹⁰¹ The Telegraph, *Builders to buy ‘biodiversity credits’ from farmers*, August 2021.

¹⁰² Savills: Biodiversity Net Gain, 21 January 2020.

¹⁰³ <https://www.endlessllp.com/news/uk%E2%80%99s-leading-timber-producer-bsw-group-acquired-endless-llp>. Recently sold to global sawmiller Binderholz (<https://www.bsw.co.uk/news/articles/351/bsw-acquired-by-binderholz>).

¹⁰⁴ <http://www.hadleighpvt.com/portfolio.htm>

¹⁰⁵ <http://www.cairngormcapital.com/cairngorm-capital-acquires-arnold-laver-co-limited-creating-the-largest-independent-timber-distribution-company-in-the-uk/>

¹⁰⁶ <https://www.privateequitywire.co.uk/2021/07/06/302986/rubicon-partners-acquires-cthg>

¹⁰⁷ <https://www.theconstructionindex.co.uk/news/view/huws-gray-swoops-on-buildbase>

and monetary response to COVID-19. In addition, 2020 saw the highest correlation across asset classes and geographies in two decades¹⁰⁸, introducing higher volatility into investment portfolios.

Foresight Group believes forestry provides a unique investment opportunity, meeting investor requirements on climate, sustainability and ESG issues, inflation protection properties, and portfolio diversification. Forestry is a real asset and a natural and growing store of value, independent of the economic cycle. The Company is targeting returns of more than CPI + 5 per cent. per annum on a rolling five-year basis, based on the Net Asset Value once substantially invested. It is intended that the returns will be created by the capital appreciation of the underlying asset freeholds (timber asset value increases as well as value creation as Afforestation assets successfully pass through project development milestones) and cash yield, which is generated by the sale of timber from the harvesting of mature forest compartments, the value of Carbon Credits, and, on a more ancillary basis, opportunistic leases to renewable energy developers and ecotourism.

There is no listed UK-focused forestry investment company currently available to investors. Until now, the opportunity to invest in UK forestry strategies has only been open to investors who were willing to lock into relatively illiquid private structures often with relatively high minimum investment ticket size thresholds. Alternatively, investors would have to buy a forest property directly themselves. Overall, the barriers to entry are currently high. By launching the Company, Foresight Group is seeking to provide a unique offering which it believes has the potential to drive positive change in the UK forestry industry over time.

Why UK Forestry?

- An exacerbated supply and demand imbalance along with favourable climatic suitability make the UK a highly attractive destination for Commercial Forestry.
- The UK is one of the least forested countries in Europe (13 per cent. forest cover compared to the European average of 46 per cent.) and global demand for timber products is expected to quadruple by 2050.^{109,110}
- Forestry is an asset class with strong inflation beating characteristics and low correlations to other asset classes and power prices.
- Long-term macro-economic factors are expected to drive a material capital appreciation opportunity enhanced further by the opportunity to participate in the value investors will receive from owning voluntary Carbon Credits afforded by investment in Afforestation assets.
- Forestry is a truly sustainable asset class with exceptional sustainability and ESG credentials.

Why now?

- Participating in the Company's initial public offering directly will contribute to combatting climate change through the additional sequestration of over 4 million tonnes of carbon¹¹¹.
- Rapid expansion in corporate net zero pledges with demand for Carbon Credits is forecast to increase by up to 100x by 2050 and is expected to deliver annualised double-digit growth in the price of voluntary Carbon Credits until 2030.
- The Green Finance Institute has estimated that the Finance Gap for UK Nature is £56 billion in the central estimate. Protecting and restoring biodiversity accounts for £19 billion of this, climate mitigation through bio-carbon accounting for £20 billion, improvement and engagement with the natural environment account for £7 billion¹¹². Foresight believes that Commercial Forestry can contribute to these finance gaps and forestry grant schemes and new UK government support for Afforestation will drive a step change in investment opportunities. With UK Afforestation targets of 30,000 hectares per

¹⁰⁸ Bloomberg, Mar 2020, *Investors are herding together like never before in virus rout*; Bloomberg, Jun 2020, *JPMorgan warns on market correlations at 20-year highs*.

¹⁰⁹ Forestry Commission Forestry Statistics 2020.

¹¹⁰ World Bank – Forest Action Plan FY16-20.

¹¹¹ Based on WCC calculator. Assumes that the c.40 per cent. allocation to Afforestation projects is sold and reinvested in new Afforestation projects every 8 – 12 years during a 40 year time frame. Carbon is sequestered over a 55-year period following the planting of each new Afforestation projects.

¹¹² Green Finance Institute – The Finance Gap for UK Nature.

annum until 2050 this represents a market opportunity and requirement for capital commitment worth at least £10 billion¹¹³. Including the Target Seed Forestry Assets and provided the Company achieves its target issue size, the Company intends to invest up to 10,000 hectares in its first year into Afforestation projects, contributing 1/3rd of the annual target of the UK government.

- In Foresight Group's view, the combination of (i) the government drive for Afforestation, (ii) the uncertainty that the Brexit farming subsidies transition creates for existing landowners, and (iii) the long-term capital commitment and design complexity of Afforestation schemes creates a material market opportunity at this time for the Company to play a significant and positive role in contributing to increased biodiversity levels, climate change mitigation, and increased supply of much needed sustainable timber in the UK.

Why the Foresight group?

- The Foresight group is an established sustainable infrastructure and natural capital investment specialist that already manages c.£7.8 billion, c.£6.5 billion of which is within sustainable infrastructure and natural capital assets, including forestry.
- The Foresight group has a robust track record of managing listed investment companies and is the investment adviser to five listed investment companies. Of these, the largest two sustainable investment companies are Foresight Solar Fund Limited and JLEN Environmental Assets Group Limited, with a combined Gross Asset Value as at 30 June 2021 of c.£2.0 billion, each trading at a premium and with a history of consistent payment of growing dividends and strong active asset management.
- The Foresight group has access to an attractive seed portfolio, assets under exclusivity and a proprietary investment pipeline.

2.1 Inflation-beating qualities

Recently bond yields have risen significantly, with the UK's breakeven yield more than a percentage point ahead of the US, implying strong anticipation of 'expected' inflation in the UK. UK money supply has grown by 12 per cent. from £2.5 trillion to £2.8 trillion in the year to February 2021, whilst the UK's real GDP fell by 1.6 per cent. in Q1-2021 and is 8.8 per cent. lower than pre-pandemic levels^{114,115}. In economic theory, increasing the money supply faster than real output causes inflation as the growing pool of capital acquires goods/services that are not supplied at the same rate, putting upwards pressure on prices.

UK commercial timber prices have historically outstripped inflation, offering inflation-protective qualities during current times of unprecedented monetary and fiscal policy.

¹¹³ Assuming 900,000 hectares of planting at land value of £10,000 per hectare and additional CAPEX costs.

¹¹⁴ Bloomberg Breakeven Yield Indices, Accessed 30th April 2021.

¹¹⁵ ONS – GDP First Quarterly Estimate, UK: January to March 2021.

Figure 29. Breakeven Yield Indices¹¹⁶



2.2 Returns and diversification

Forestry investment returns have been impressive over the decade to the end of 2017 with annualised returns of 11.6 per cent., 13.6 per cent. and 15.7 per cent. across 3, 5 and 10-year periods¹¹⁷. Within the UK between 2015 and 2017, Northern England and Southern Scotland have been the best performing areas with annualised returns of 14.4 per cent. and 14.9 per cent. respectively. Strong performance in UK forestry assets for the period 2017 to 2020 has also been experienced, with compound annual growth in asset values of 16.9 per cent. during the time frame¹¹⁸. Compared with renewable energy, forestry offers attractive, risk-adjusted returns that are uncorrelated to power prices and versus real estate, forestry offers uncorrelated returns. These low correlations are driven by average annual biological tree growth of 3 per cent. to 4 per cent., regardless of economic cycles.

¹¹⁶ Bloomberg UK and US Money Supply M1 Indices.

¹¹⁷ MSCI – IPD UK Forestry Index 2017.

¹¹⁸ Source data: 2017, 2018, 2019 and 2020 UK Forest Market Reports and Appendices, Tillhill and John Clegg & Co / Strutt & Parker. CAGR measured on a weighted average GBP per commercially stocked Hectare basis from transaction data.

Figure 30. Correlation Between Forestry and Other Assets (2011-2020)^{119,120,121}

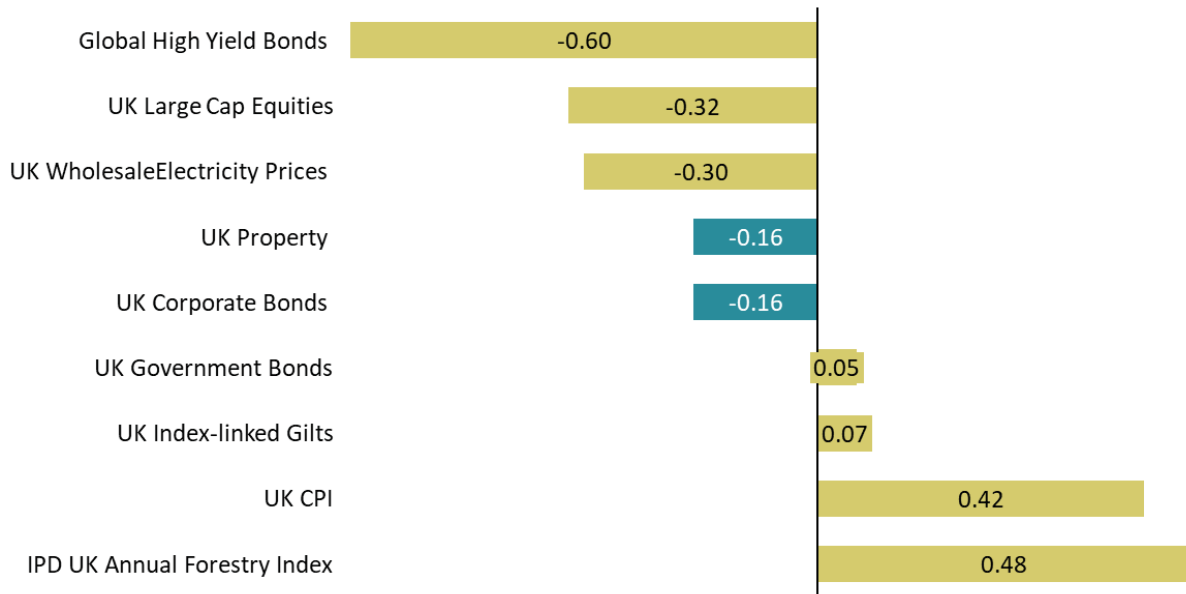
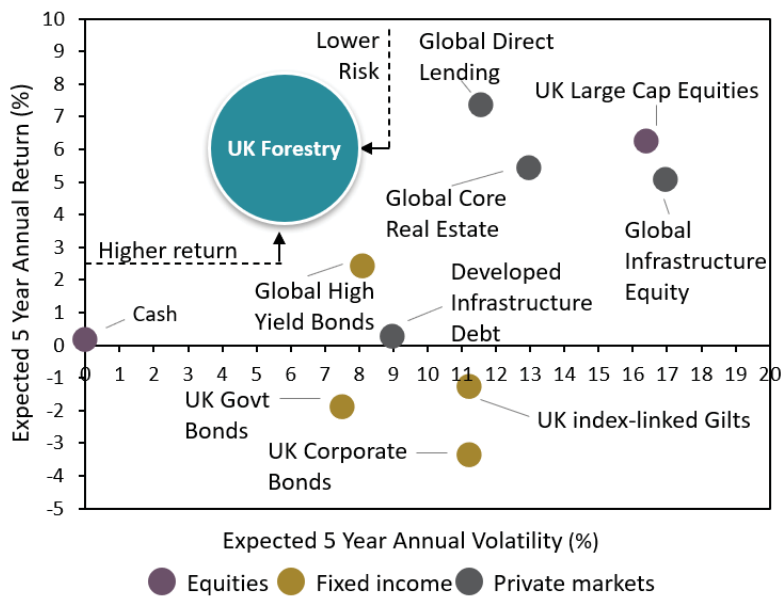


Figure 31. Asset Class Risk-Return Outlook¹²²



2.3 Carbon sequestration

Foresight Group estimates that the proceeds from the Initial Issue will directly enable up to 4 million tonnes of additional carbon sequestration from the atmosphere from new Afforestation planting carried out over a long-term time frame and a series of development cycles¹²³. For each tonne of

¹¹⁹ IPD UK Annual Forestry Index & Foresight analysis.

¹²⁰ Bloomberg Index.

¹²¹ Ofgem – UK Wholesale Electricity prices, Accessed January 2021.

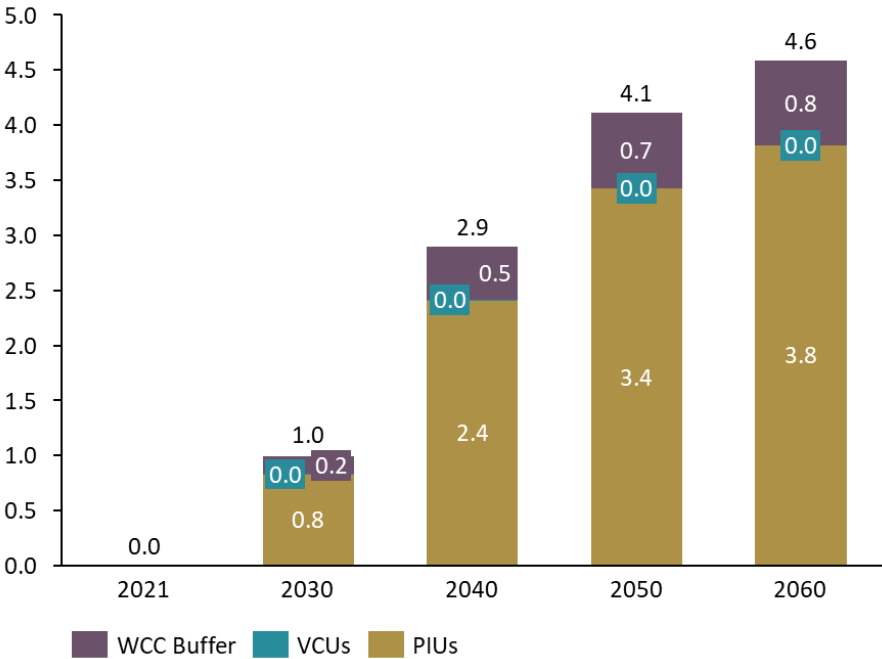
¹²² Cash: Bloomberg Index. (1) Developed Infrastructure Debt: 50 per cent. Bloomberg Barclays European Infrastructure EUR Index / 50 per cent. Bloomberg Barclays US Corporate 10+ Baa3-A3 Utility. (2) Global Core Real Estate: 50 per cent. Bloomberg Barclays European Infrastructure EUR Index / 50 per cent. Bloomberg Barclays US Corporate 10+ Baa3-A3 Utility. (3) Global Direct Lending: BofA Global High Yield Index. (4) Global High-Yield Bonds: BofA Global High Yield Index. (5) Global Infrastructure Equity: BlackRock Proxy. (6) UK Corporate Bonds: BofA 10+ Yr GBP Corporate Index. (7) UK Forestry: Bloomberg Index. (8) UK Gov't Bonds: FTA All Stocks Gilt Index. (9) UK Index-linked Gilts: 5+ year zero coupon liability. (10) UK Large-cap Equities: MSCI UK Index.

¹²³ This is the equivalent of offsetting the carbon footprint of roughly 500,000 UK individuals for a year, assuming 7.8 tCO₂ / person / year (from the Committee on Climate Change 6th Carbon Budget).

carbon sequestered, a Carbon Credit will be generated in accordance with the WCC. Foresight Group will execute a strategy for WCC units that generates maximum sustainability credentials and value for Shareholders. Future fundraising by the Company after the proceeds from the Initial Issue are deployed has the potential to enable material further carbon sequestration via additional Afforestation.

Regardless of who ultimately acquires and/or retires the Carbon Credits, investors in the Initial Issue will always reserve the right to the claim that they provided the original enabling capital to get the additional Afforestation and natural capital projects, that the Company will carry out, initiate and set in to action. In Foresight Group’s view, that represents real positive impact investing. In Foresight Group’s view, when this is combined with the under-pinning of capital assets (UK land freeholds and timber crop value) and timber revenues this presents a compelling risk-adjusted return opportunity.

Figure 32. Cumulative Generation of Carbon Units from IPO Proceeds (units, millions)¹²⁴



¹²⁴ Indicative figure, based on WCC calculator. Assumes that the c.40 per cent. allocation to Afforestation projects is sold and reinvested in new Afforestation projects every 8 – 12 years. Carbon is sequestered over a 55-year period following the planting of each new Afforestation project.

PART 3

THE TARGET SEED FORESTRY ASSETS AND INVESTMENT PIPELINE

The Target Seed Forestry Assets

The Company has entered into the Option Agreement pursuant to the terms of which the Company has the option to acquire the issued shares of BFL I and BFL II, the holding companies for the Target Seed Forestry Assets.

The Target Seed Forestry Assets comprise 34 assets, diversified in age, project type and geography. The Target Seed Forestry Assets extend across c.11,000 hectares (equivalent to c.27,000 acres), with 85 per cent. by area located in Scotland, 10 per cent. in Wales and 5 per cent. in England.

The Target Seed Forestry Assets comprise both existing Standing Forests and Afforestation assets. 59 per cent. of the Target Seed Forestry Assets are mature Standing Forests; and 38 per cent. of the Target Seed Forestry Assets are Afforestation projects, that will be planted; the remaining 3 per cent. of the portfolio is made up of mixed assets. The age profile of the Target Seed Forestry Assets is very varied, including compartments that are being actively felled and a significant amount of unplanted Afforestation land. Once all assets are accounted for, the weighted average age of the Target Seed Forestry Assets is 19 years.

By number of assets, the Target Seed Forestry Assets are weighted towards Scotland, with 23 (68 per cent.) of the 34 Forestry Assets located in Scotland; 9 (26 per cent.) located in Wales and 2 (6 per cent.) located in England.

The Target Seed Forestry Assets are planted with a variety of species. More than 10 commercial species are used across the sites, and a wide variety of native broadleaves are selected in each case, dependent on which species best suit the landscape. The Target Seed Forestry Assets also contain material amounts of open ground (which often includes areas of stream and open water) and peatland. On some properties there is strong potential for biodiversity enhancement of such areas, particularly where these have historically been over-grazed and/or over-browsed by livestock (e.g. sheep, cattle) or deer. The ground compaction caused by livestock herds (particularly sheep herds) and the chemicals that find their way back on to the ground from livestock that are inoculated and/or dipped in chemical treatments is prohibitive to high biodiversity levels. A rebalancing of the equilibrium of such areas can enable the restoration of improved ecosystem services.

Figure 1. Overall Portfolio Breakdown

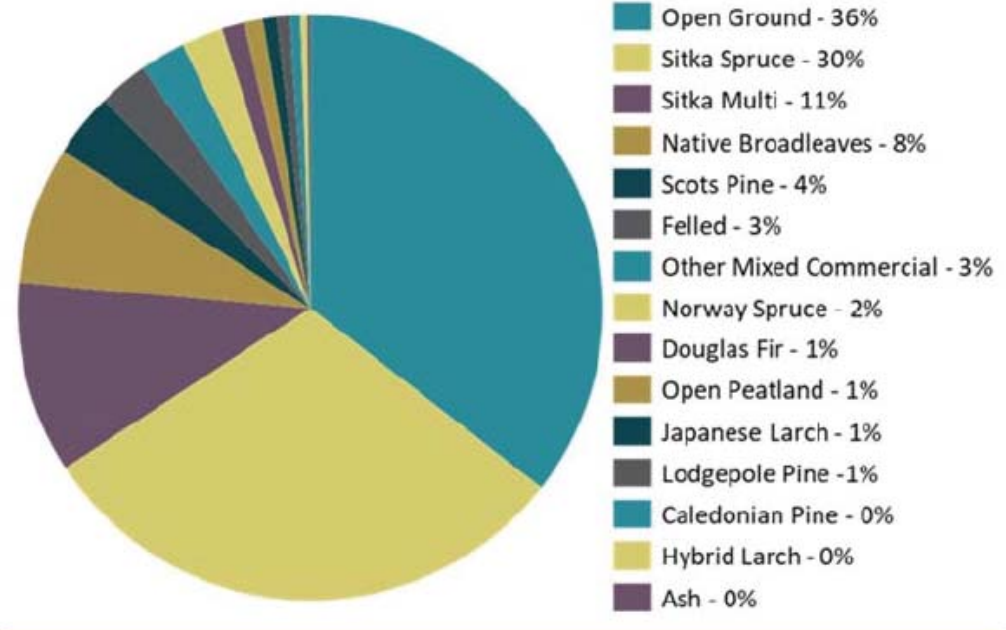


Figure 2. Forestry Portfolio Breakdown

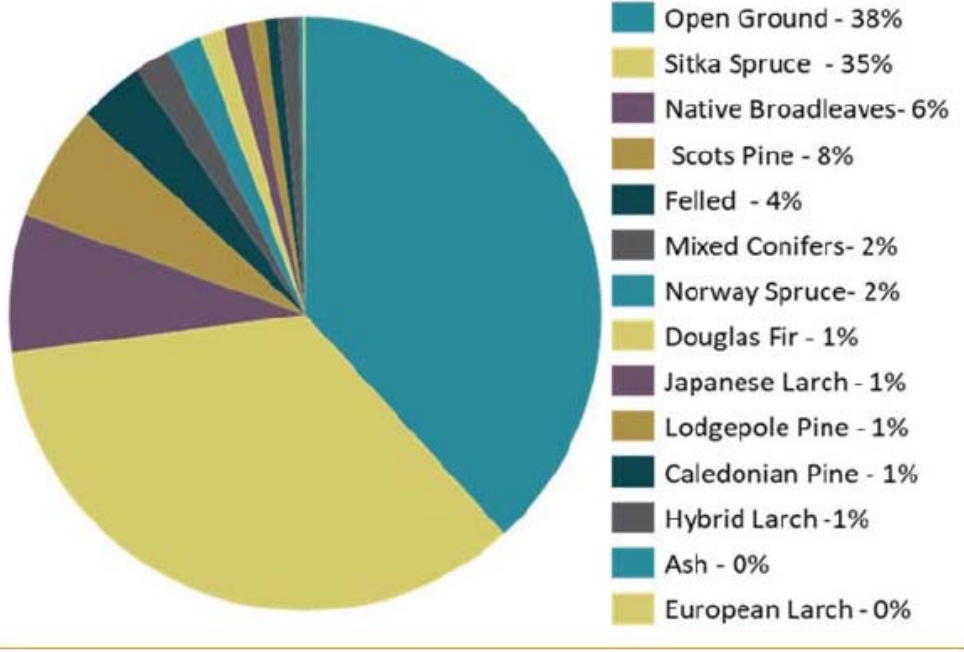
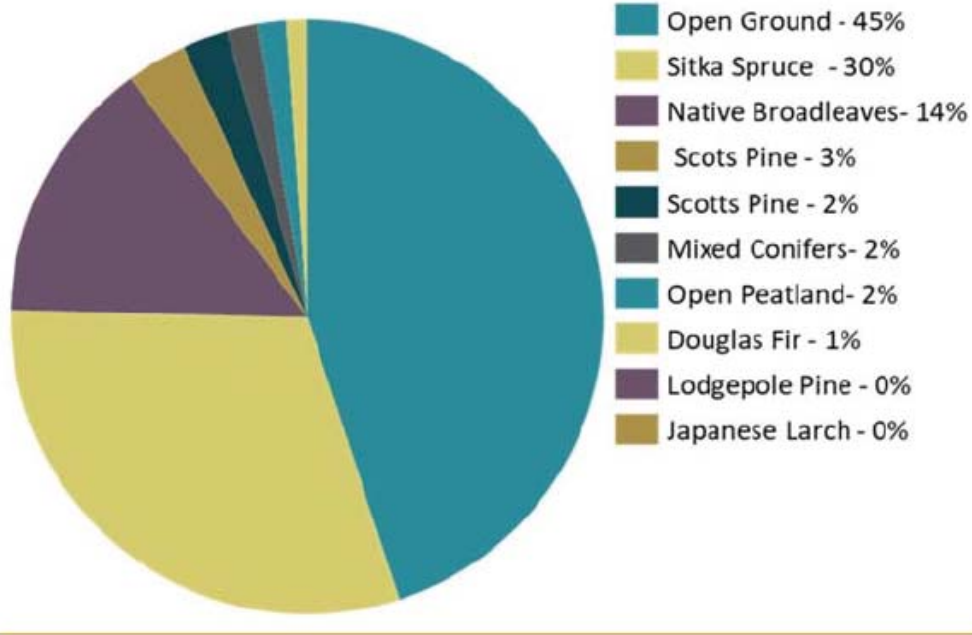


Figure 3. Afforestation Portfolio Breakdown



The timber yield class quality of each forest varies depending on geography, soil quality, elevation, exposure to elements (e.g. wind), rainfall levels, pitch of hillside and drainage consideration and multiple other silvicultural factors. However, the overall quality of the Target Seed Forestry Assets portfolio is good. The weighted average yield class of commercially stocked and/or stock-able forestry land across the Target Seed Forestry Assets overall is 15.7. The weighted average yield class of commercially stocked and/or stock-able Sitka spruce land across the Target Seed Forestry Assets overall is 21.2. Where possible, thinning will be undertaken in relation to the existing forestry areas and Afforestation areas that are planted or plant-able with commercial trees, which will generate earlier revenues without negatively impacting on overall timber yields across the lifespan of such forestry compartments. Thinning is usually only possible/sensible on better quality soils and wind-firm free-draining ground.

Asset Category	Weighted Average Age	Weighted Average Yield Class (Commercial Conifers)	Weighted Average Yield Class (Sitka Spruce)
Forestry	28	16	20
Afforestation	0	19	20
Mixed	18	12	16
BFL II	3	13	27
Total	19	16	21

All planted Forestry Assets contain at least the necessary amount (1 per cent.) of Long-Term Retention and Natural Reserves stands; it is the Company’s intention that in many cases much larger areas will be treated in line with these designations. All Forestry Assets are managed to PEFC and FSC standards and are expected to qualify for certification by both standards. For Standing Forest acquisitions, it is anticipated that this will be gained within 12 months of acquisition. For Afforestation acquisitions, this will be gained as soon after planting as is possible.

There are over 750 hectares of land designated as Sites of Special Scientific Interest in the Target Seed Forestry Assets, most of which are designated as ancient woodland. It is the intention of the Group that this will be retained and treated in accordance with its designation. There are also

multiple cases of Forest Assets containing Special Areas of Conservation, relating to waterways bisecting or bordering an asset. These include protected habitats for otters and Atlantic salmon and will again be treated in accordance with its designation by the Group. In all cases, the Group will explore methods and activities that will not only preserve but enhance designated areas, through an active asset management approach.

Valuation of the Target Seed Forestry Assets

The Target Seed Forestry Assets have been valued by Savills following the Royal Institution of Chartered Surveyors (RICS) Red Book principles.

The below provides details of the valuations. The Valuation Report relating to the Target Seed Forestry Assets is set out in Part 4 of this document.

Target company	Value (approx. £ million)
Forestry Assets held by BFL I	£118.4
Forestry Assets held by BFL II	£19.6
Total Target Seed Forestry Assets	£138.0

The Valuation Report has valued the Standing Forests, Afforestation land and Non-Core Assets relating to the projects.

Net current assets (e.g. cash, cash equivalents, net working capital balance of debtors and creditors) will be paid pound (£) for pound (£) over and above baseline consideration for the Target Seed Forestry Assets. In the event that net current assets are negative the consideration will be reduced accordingly on a pound (£) for pound (£) basis.

Where there is ongoing harvesting on a certain number of the Target Seed Forestry Assets that is excluded from the Valuation Report, Savills have made this clear in the Valuation Report. Where the value of harvested timber is explicitly excluded from the Valuation Report the related timber revenue would be for the account of Blackmead Infrastructure Limited as the seller.

The Option Agreement relating to the Target Seed Forestry Assets

The Target Seed Forestry Assets are held by BFL I (and its subsidiary companies which act as special purpose holding vehicles) and BFL II (and any subsidiary companies which act as special purpose holding vehicles).

The Company has entered into the Option Agreement, pursuant to the terms of which the Company has the option to acquire 100 per cent. of the Target Seed Forestry Assets through the acquisition of the shares in BFL I and BFL II.

BFL II may secure additional Forestry Assets under exclusivity and/or complete on the acquisition of additional Forestry Assets during the period after Initial Admission.

In the event that the Option Agreement is exercised by the Company following Initial Admission, the total enterprise value payable by the Company for the shares in BFL I would be £120,002,027 (plus applicable working capital in the company), on a cash free/debt free basis.

In the event that the Option Agreement is exercised by the Company following Initial Admission, the total enterprise value payable by the Company for the shares in BFL II would be £19,997,973 (plus applicable working capital in the company), on a cash free/debt free basis, assuming that no additional Forestry Assets over and above the Target Seed Forestry Assets are acquired by BFL II.

In the event that the acquisition of the shares in BFL II has not exchanged by the date being 6 months from the date of the Option Agreement, a new valuation of the assets held by BFL II will be undertaken and the purchase price will be adjusted (either up or down) accordingly based on such revised valuation.

The Option Agreement may be exercised at the discretion of the Company and is subject to completion of due diligence and the agreement of satisfactory purchase agreement(s).

As Blackmead Infrastructure Limited is intended to hold 29.99 per cent. of the Company's issued Ordinary Shares following Initial Admission, the acquisition of the shares in BFL I and BFL II

pursuant to the exercise of the Option Agreement will constitute related party transactions for the purposes of Chapter 11 of the Listing Rules. The Company will therefore comply with its obligations under Chapter 11 in relation to any such acquisitions including the obtaining of independent Shareholder approval to such transactions where required by Chapter 11 of the Listing Rules.

If completion of an acquisition has not occurred by 31 December 2022, the Option Agreement shall lapse and be of no further effect.

The acquisition of BFL I will occur as the priority transaction and target completion will be as close to the date of Initial Admission as is reasonably practicable once detailed due diligence has been finalised. It is currently anticipated that the acquisition of BFL II will take place at a later date after the acquisition of BFL I.

The acquisition price of the shares in BFL I and BFL II are based on the asset valuations of the Target Seed Forestry Assets as valued in the Valuation Report but also take into account other commercial factors including, but not limited to, value accretion during the lock box period and the net current assets balances of the

Investment Pipeline

The Investment Manager sees a significant level of pipeline investment opportunities, in excess of £300 million annually. Within this, a number of specific opportunities have been identified in line with the Company's investment policy which are either, (i) under active discussion with the relevant counterparties, or (ii) likely to be available for sale within the 12 months following Initial Admission. This pipeline represents a total potential investment volume for the Group in excess of £115 million.

Sector	Geography	Size (Hectares)	Equity (£ million)
Afforestation	Scotland	500	£9.0
Afforestation	Scotland	174	£2.3
Afforestation	Scotland	306	£4.1
Afforestation	Scotland	174	£2.0
Afforestation	Scotland	97	£0.9
Afforestation	Wales	507	£4.5
Afforestation	Wales	40	£0.7
Afforestation	Wales	121	£2.7
Afforestation	Scotland	65	£0.9
Afforestation	Scotland	416	£4.1
Afforestation	Scotland	500	£4.0
Forestry	Scotland	55	£1.5
Afforestation	Scotland	115	£1.3
Afforestation	Scotland	124	£1.3
Afforestation	Scotland	96	£1.2
Afforestation	Scotland	154	£1.0
Afforestation	Wales	74	£1.0
Afforestation	Scotland	462	£4.0
Sub-total – Bidding		3,980	£46.3
Forestry	Finland	458	£2.4
Afforestation	Scotland	1,026	£11.0
Forestry	Scotland	164	£4.0
Forestry	Scotland	102	£2.7

Sector	Geography	Size (Hectares)	Equity (£ million)
Forestry	Scotland	191	£1.7
Forestry	Scotland	160	£3.0
Forestry	Wales	154	£4.5
Mixed	England	450	£13.8
Afforestation	Scotland	4,660	£23.0
Afforestation	England	106	£1.5
Forestry	England	29	£0.5
Forestry	Scotland	252	£0.6
Forestry	England	74	£0.7
Sub-total Extended Pipeline		7,826	£69.2
Total Pipeline		11,806	£115.6

The potential investments comprised in the Investment Manager's pipeline from time to time include transactions at various stages of consideration by the Investment Manager. The number and value of potential investments comprised in the pipeline fluctuates and the pipeline under consideration following Initial Admission may be higher or lower than that under consideration at the date of this document. There is no certainty that any of the potential investments in the Investment Manager's pipeline as at the date of this document will be completed or will be invested in by the Company.

PART 4

VALUATION REPORT ON THE TARGET SEED FORESTRY ASSETS

VALUATION REPORT

In respect of:

Blackmead Infrastructure Limited and Foresight Sustainable Forestry Company Plc



DRAFT

In accordance with the requirements of the RICS Valuation Standards ("Red Book") our draft report is provisional and subject to completion of the final report. It is provided for your internal purposes only and must not be published or disclosed

Report Date	28 October 2021
Addressees	<p>Foresight Sustainable Forestry Company Plc (The Company) The Shard 32 London Bridge Street London SE1 9SG</p> <p>Blackmead Infrastructure Ltd The Shard 32 London Bridge Street London SE1 9SG</p> <p>Jefferies International Limited 100 Bishopsgate London EC2N 4JL</p> <p>(in its capacity as Sponsor, Sole Global Coordinator and Bookrunner)</p>
The Properties	The properties listed in the Schedule set out below (the Properties and each a Property).
Property Descriptions	Standing Forest and Afforestation assets. Afforestation assets are typically agricultural land assets for repurposing to forest and woodland assets.
Instruction	To value the freehold and heritable interests in the Properties on the basis of market value as at the Valuation Date in accordance with the confirmation of instructions between Savills Advisory Services Ltd and the Addressees dated 18 August 2021
Valuation Date	Our opinions of Market Value in respect of each Property are as at 1 September 2021
Terms of Reference	<p>The portfolio comprises 28 Properties held for investment purposes and located throughout the UK. All 28 are held freehold/heritable and are listed under BFL I. The Properties comprise a mix of Standing Forests (18) and Afforestation sites (9) and one mixed forest/Afforestation site that provide diversified income from timber sales with scope to add value through capital appreciation, new woodland creation and potentially sales of Carbon Credits. The Properties extend to 9,969.61 hectares. Two Properties are located in North Scotland, six in Central Scotland, 11 in South Scotland, one in North England and eight in Wales.</p> <p>The second portfolio of 6 Properties are current transactions, listed under BFL II. The Properties comprise a mix of Standing Forests and Afforestation sites. The Properties extend to 1,273.52 hectares. One Property is in Central Scotland, four in South Scotland and one in Wales.</p>
Capacity of Valuer	External Valuer, as defined in the RICS Valuation – Global Standards, January 2020
Purpose	This valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards 2020) (“Red Book”). We understand that our valuation report and the Appendices to it (together the “Valuation Report”) is required for inclusion in a Prospectus (the “Prospectus”) which is to be published pursuant to the admission of the Ordinary Shares of Foresight Sustainable Forestry Company Plc to the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange.

Market Value of
Properties at
1 September
2021

£138,019,000 (ONE HUNDRED AND THIRTY EIGHT MILLION AND NINETEEN THOUSAND POUNDS) exclusive of VAT, as shown in the Schedule set out below.

BFL I	Heritable/ freehold	£118,424,000	ONE HUNDRED AND EIGHTEEN MILLION, FOUR HUNDRED AND TWENTY FOUR THOUSAND POUNDS
BFL II	Heritable/ freehold	£19,595,000	NINETEEN MILLION, FIVE HUNDRED AND NINETY FIVE THOUSAND POUNDS

The total valuation figure reported is the aggregate total of the individual Properties and not necessarily a figure that could be achieved if the portfolio was sold as a single holding. We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

There are 8 of the 28 Properties in BFL I which, individually, have a value of more than 5% of the aggregate of the individual Market Values. The largest Property in the portfolio by value is in Perthshire, which represents 12.7% of the total value. All 6 Properties in BFL II individually have a value of more than 5% of the aggregate of the individual Market Values.

BFL I Property Category	County	Value	%
Standing Forest 1	Highland	£6,700,000	5.7%
Standing Forest 2	Highland	£7,294,000	6.2%
Standing Forest 3	Aberdeenshire	£9,370,000	7.9%
Standing Forest/ Afforestation 4	Perthshire	£15,015,000	12.7%
Standing Forest 5	Lanarkshire	£5,920,000	5.0%
Standing Forest 6	Scottish Borders	£7,875,000	6.6%
Standing Forest 7	Dumfries & Galloway	£8,325,000	7.0%
Standing Forest 8	Northumberland	£9,300,000	7.9%

BFL II Property	County	Value	%
Standing Forest 1	West Lothian	£2,065,000	11%
Afforestation 1	Dumfries & Galloway	£5,120,000	26%
Afforestation 2	Dumfries & Galloway	£5,025,000	26%
Afforestation 3	Scottish Borders	£2,640,000	13%
Standing Forest 2	Dumfries & Galloway	£3,165,000	16%
Afforestation 4	Pembrokeshire	£1,580,000	8%

A Standing Forest site is a Property which comprises existing woodland or forestry, primarily for commercial timber production.

An Afforestation site is land without trees (other than as an ancillary use of parts of the Property) which is suitable for tree planting and will be developed into a new woodland.

None of the Properties has a negative value.

Our opinion of Market Value is based on the Scope of Work and Valuation Assumptions attached, and has been derived using comparable recent market transactions on arm's length terms.

Compliance with Valuation Standards	<p>This Valuation Report has been prepared in accordance with the RICS Valuation – Global Standards 2020 effective 31 January 2020 which incorporate the International Valuation Standards and the UK National Supplement effective January 2019 (together the “Red Book”), specifically UK VPGA 2.1 “valuation for listings and prospectuses”. The presentation of the aggregate market value by freehold of the individual Properties representing less than 5% of the aggregate market value has been made in accordance with UK VPGA 2.1 of the Red Book.</p> <p>We confirm that our valuations have been prepared in accordance with both the Listing Rules and the Prospectus Regulation Rules of the FCA and the Valuation Standards.</p> <p>For the purposes of the UK versions of the EU AIFM Delegated Regulation and any other delegated regulations in respect of Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers, as amended from time to time, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018, as further amended and supplemented from time to time (the “UK AIFM Regime”) we confirm that our role as valuer is limited to providing a valuation of the assets of BFL I and BFL II in accordance with the Red Book and we are not acting as valuers of the Company itself. For the avoidance of doubt we are not acting as external valuer for the purposes of the UK AIFM Regime.</p> <p>We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.</p> <p>Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within Savills Advisory Services Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.</p> <p>This Valuation Report is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation Report is for the sole purpose of providing the intended user with the valuers’ independent professional opinion of the value of the subject property as at the Valuation Date. The importance of the date of valuation must be stressed as forest property is very popular with investors leading to a dynamic market, and values can change over a relatively short period.</p>
Assumptions	<p>The Property details on which each valuation is based are contained in our working papers.</p> <p>If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.</p>
Variation from Standard Assumptions	<p>All of the Properties have been acquired since 2019 and therefore have undergone legal due diligence as part of the purchase process. We have therefore assumed:</p> <ul style="list-style-type: none"> ● there is a good marketable title to each Property and we have not made investigations in this regard; ● mineral rights are included with the Properties but we are not valuing them; ● all Properties have suitable access for all forestry purposes over the public road network leading to the Property.
Market Conditions Statement	<p>Market conditions explanatory note: Novel Coronavirus (COVID-19)</p> <p>The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement</p>

and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees in response to further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, some property markets have started to function again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation will not be reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

Valuer The Properties have been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.

Independence The total fees, including the fee for this assignment, earned by Savills Advisory Services Ltd and Savills (UK) Ltd from the Addressees (or other companies forming part of the same group of companies) is less than 5.0% of the total UK revenues.

Forestry as an Asset Class Forestry is a long-term property investment asset class driven by capital appreciation, strong income returns at appropriate points in the timber production cycle, and strong environmental credentials. Assets fall into existing forestry, where established timber plantations are acquired for capital appreciation or income from timber sales, or Afforestation sites, where agricultural land is acquired and repurposed for new woodland creation, either to form new timber forests, or for biodiversity enhancement and carbon sequestration, meaning there are differing models and ownership objectives for commercial or environmental woodland planting.

Standing Forests and Afforestation sites are overseen by a specialist forestry asset manager and each site has a dedicated local woodland manager responsible for day to day management and operations, who reports to the asset manager.

Income from existing Standing Forests is primarily from timber sales which are marketed through a competitive process to ensure the best market price is achieved in the sale. Income is dependent on regional timber markets and the species and standing volume of trees felled, so is variable across regions and from year to year. Income from timber sales is income and corporation tax free under UK taxation rules as at the date of valuation.

Grants are available for Afforestation and new woodland may qualify for the sale of Woodland Carbon Units. The Afforestation sites are at different stages of development and the extent to which a site can convert to new woodland is only fixed by the application process and a formal approval to plant trees. These sites are therefore development sites until approved and planted, at which point they will convert to forest assets. There is generally an uplift in valuation once a planting scheme receives formal approval.

A key driver in investment interest in new woodland creation is woodland carbon and the desire to offset internal emissions or generate enhanced revenue streams from the sale of Woodland Carbon Units (WCUs). Whilst the degree to which carbon revenues influence the value of an individual Afforestation site differ based on the proposed woodland design and the carbon price used (actual or assumed), it is key to the valuation process that the implied benefit of carbon sequestration remains with the land and that there are no reservations or clawback arrangements in place that would limit the potential to trade WCUs.

Forests are managed in accordance with UK Woodland Assurance Scheme guidelines and timber is FSC certified to prove compliance with best practice and environmental and sustainability standards.

Costs of running properties including management, insurance, property maintenance, drainage, roading (including CAPEX), tree planting and tending costs, timber harvesting and marketing, certification, etc., are borne by the forest owner. Optimising tree species choice and employing good production systems is key to investment success. Tree age is an important determinant of revenue timing, so a balance of mature and immature forest assets is preferable.

Whilst globally, forestry is a significant real asset investment class, the UK has a low forest area (13% forest cover by land area compared to a European average of around 46%) therefore the capital market is small. The annual UK capital market size is small, averaging around 90 investment grade transactions over the last decade covering c.17,500 hectares of forest land at an average total traded value of c.£135 million. Due to the ongoing trend of strongly rising values and competitive market activity the 3 year average is c.£210 million, and total market value over the last 12 months is likely to be considerably higher.

Recently the move towards sustainable investing and net zero pathways has significantly enhanced the popularity of the asset class. Strong demand for timber products coupled with buoyant macro-economic demand drivers over the next 30 years provide good upside potential for timber investments. The increasing emergence of carbon trading and strong forecasts in the price of Carbon Credits provides potentially interesting revenue streams for woodland creation assets. Market drivers therefore include:

- the growing recognition of the importance woodlands play in combatting climate change, meaning there is significant interest in the asset class from the ESG and CSR sectors;
- land-based assets are considered safe in the long term, and potentially offer a hedge against inflation;
- the UK remains in an ultra-low interest rate environment where there is a perceived lack of performance of cash on deposit and weak bond yields, allowing investors to accept low forecast yields from forest investments. As a consequence the cost of capital to investors is very low;
- there is a desire to diversify market exposure and risk;
- the future global demand potential for wood is considered to be very positive, offering investors the prospect of upside performance in the asset class over time as timber prices rise ahead of inflation; and
- ownership continues to give access to the taxation benefits of Commercial Forestry.

Forestry is a relatively illiquid, land-based asset. Investors typically have long time horizons and are therefore prepared for illiquidity, but should a decision be made to sell property, disposal periods are typically six months.

Previous involvement and Conflicts of Interest	<p>Savills (UK) Ltd have been retained as consultants to Blackmead Infrastructure Limited since October 2020 to source and appraise Afforestation sites. All pricing and buy-side due diligence has been undertaken by Blackmead Infrastructure Limited.</p> <p>Copies of our conflict of interest checks have been retained within the working papers.</p>
Disclosure	<p>Savills Advisory Services Ltd and Savills (UK) Ltd have carried out valuation and consultancy services on behalf of Blackmead Infrastructure Limited for less than 5 years.</p>
Reliance	<p>This Valuation Report has been produced for inclusion in the Prospectus and may not be reproduced or used in connection with any other purposes without our prior consent.</p> <p>Save for any responsibility which we may have to those persons to whom this report is expressly addressed and any responsibilities arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with Annex I item 1.3 of the Prospectus Regulation forming part of the UK's EU Retained Law, consenting to its inclusion in the Prospectus.</p> <p>For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), Savills Advisory Services Ltd accepts responsibility for the information within this Valuation Report and confirms that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.3 of the Prospectus Regulation forming part of the UK's EU Retained Law.</p> <p>This Valuation Report complies with Rule 5.4.5G of the Prospectus Regulation Rules and Paragraphs 128 to 130 of the ESMA update of CESR'S recommendations for the consistent implementation the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation ((EU) 2017/1129)).</p> <p>In relying on this Valuation Report, each of the addressees of this Valuation Report (the Addressees) acknowledges and agrees that:</p> <ol style="list-style-type: none"> a) this Valuation Report refers to the position at the date it was originally issued and, unless otherwise confirmed by us in writing, we have taken no action to review or update this Valuation Report since the date it was originally issued; b) the Date of Valuation is 1 September 2021; c) this Valuation Report is subject to the terms and conditions set out in our letter of engagement with the Addressees dated 18 August 2021.
Publication	<p>Neither the whole nor any part of this Valuation Report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.</p>

Such publication of, or reference to this Valuation Report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein. Savills Advisory Services Ltd has given and not withdrawn its written consent to the inclusion of this Valuation Report in the Prospectus (on the terms stipulated in Savills Advisory Service's letter of engagement with Blackmead Infrastructure Limited dated 18 August 2021).

Yours faithfully

James Adamson MRICS
Director
Head of Forestry Investment UK
RICS Registered Valuer
For and on behalf of Savills Advisory
Services Ltd

Tel:
Email: James.Adamson@savills.com

Yours faithfully

Sarah Jackson MRICS
Director
RICS Registered Valuer
For and on behalf of Savills
Advisory Services Ltd

Tel:
Email: SAJackson@savills.com

5 SCHEDULE OF ASSETS

BFL I			
Region	Property Category	County	Ha
North Scotland	Mature forest	Highland	418.40
	Mid-rotation forest	Highland	974.35
			1392.75
Central Scotland	Mature forest	Argyll & Bute	296.32
	Mixed age forest	Aberdeenshire	369.68
	Mixed age forest	Aberdeenshire	339.06
	Mixed age forest and Afforestation	Perthshire	2155.4
	Mid-rotation forest	Aberdeenshire	113.19
	Establishment age forest	Argyll & Bute	1063.91
			4337.56
South Scotland & North England	Afforestation	Scottish Borders	118.43
	Afforestation	Ayrshire	350.14
	Mature forest	Lanarkshire	201.29
	Young and mid-rotation forest	Lanarkshire/Ayrshire	383.24
	Afforestation	Scottish Borders	193.41
	Mixed age forest	Ayrshire	56.2
	Afforestation	North Yorkshire	94.88
	Mixed age forest	Scottish Borders	461.98
	Mixed age forest	Scottish Borders	208.46
	Afforestation	Dumfries & Galloway	343.81
	Mixed age forest	Dumfries & Galloway	368.76
	Mixed age forest	Northumberland	484.49
			3265.10
Wales	Afforestation	Carmarthenshire	149.48
	Mid-rotation forest	Ceredigion	63.66
	Afforestation	Carmarthenshire	93.49
	Mixed age forest	Ceredigion	70.67
	Afforestation	Cardiganshire/ Carmarthenshire	416.22
	Afforestation	Carmarthenshire	35.8
	Mid-rotation forest	Pembrokeshire	70.81
	Late-rotation forest	Ceredigion	74.08
Total BFL I			9969.61
BFL II			
Region	Property		Ha
Central Scotland	Mid-rotation forest	West Lothian	76.12
			76.12
South Scotland & North England	Afforestation	Dumfries & Galloway	303.48
	Afforestation	Dumfries & Galloway	482.31
	Afforestation	Scottish Borders	163.72
	Mid-rotation forest	Dumfries & Galloway	139.49
			1089.00
Wales	Afforestation	Pembrokeshire	108.4
			108.40
Total BFL II			1273.52

6 SOURCES OF INFORMATION AND SCOPE

Sources of Information	<p>We have carried out our work based upon information supplied to us by Blackmead Infrastructure Limited, as summarised within this report, which we have assumed to be correct and comprehensive, and we have relied on it. This information includes compartment and species plans, compartment records (excel databases), some timber harvesting information, some timber measurement data, property sales particulars where available, new planting appraisals in the form of indicative species layout plans, etc. This list is not exhaustive.</p>
The Properties	<p>Our Valuation Report contains a brief summary of the Property details on which our Valuation has been based. Background information and inspection notes for each Property are stored in our working papers.</p>
Inspection	<p>The properties were all inspected between May and September 2021. A schedule of the extent of inspection and the most recent inspection dates is maintained within our working papers and can be made available if required.</p>
Areas	<p>The Properties are all land and woodland assets, some with buildings. We have adopted the Property area in hectares and the tree species information as supplied to us. Where the Property has built property on it, we have been provided with information on these properties from the purchase reports which we have summarised in our working papers. No survey or measurement has been undertaken.</p>
Valuation Methodology	<p>Forests can be valued on an 'investment' or 'comparable' basis. In this instance we have valued on a comparable basis, looking at transactions of similar woodlands and planting land, and adjusting them to reflect the subject properties. Due to the geographical spread of properties and quantum of the land area (hectares) being valued, we use market evidence to produce a regional valuation model that is then applied to the individual Properties being valued, which is a recognised forest industry methodology.</p> <p>As part of the process the component parts of the Property are categorised by tree species, age banding or for Afforestation sites, potential landuse to ensure our opinion of value reflects the growth stage and productive potential of each individual site. We have relied upon the compartment schedules and plans provided by Blackmead Infrastructure Limited. As part of our inspections we have undertaken checks on some compartments, but given the size and scale of the portfolio this represents a small sample of the whole. We have valued on the assumption that the compartment schedules and information provided is correct.</p> <p>The individual Properties are Standing Forests or Afforestation sites and for valuation purposes, whether sold individually or lotted in regional groups, are well within the size and price expectation of a wide range of forest and land investors.</p> <p>We have disregarded any hope value attributable to change of use or development other than for Afforestation of agricultural land.</p>
Access	<p>The Properties are all land assets and access over the public road is a key requirement for future timber haulage. The Properties have all been acquired since 2019 therefore have undergone legal due diligence as part of the purchase process including over access suitability. We have therefore assumed all Properties have suitable access for all forestry purposes over the public road network leading to the Property.</p>
Environmental Matters	<p>For the purpose of this Valuation Report we have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.</p> <p>We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>

Services and Amenities	Where the Property includes buildings we understand that all main services including water, drainage, electricity and telephone are available. None of the services has been tested by us.
Repair and Condition	For the purpose of this report we have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.
Planning	For the purpose of this report we have not undertaken planning enquiries in addition to the enquiries made at the point of acquisition of each asset. This includes enquiries over the suitability for Afforestation of the Properties purchased for this purpose as this was undertaken by Blackmead Infrastructure Limited at the time of acquisition.
Title	We have not been provided with Title Reports for each Property and for the purpose of this report have assumed each has a valid, marketable title.

7 VALUATION ASSUMPTIONS

Capital Values	<p>In accordance with the Valuation Standards and the Listing Rules the valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as:</p> <p>"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."</p> <p>The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation – nor for taxation which might arise in the event of a disposal.</p> <p>We have disregarded any hope value for alternative uses, other than for the Afforestation of agricultural land.</p>
The Properties	<p>The valuation includes all land and timber on the Properties. Where non-forest assets are included in the individual Properties these have been valued based on their current use. These include residential and agricultural buildings, sporting rights, a single small-scale run of river hydroelectric generation scheme, and various agreements and easements such as wayleaves, access permissions, renewable energy option payments for potential future developments, etc.</p> <p>Where a Property has been purchased for Afforestation including buildings, plant and machinery and fixtures and fittings have been excluded from our valuation.</p>
Environmental Matters	<p>In the absence of any information to the contrary, we have assumed that:</p> <ul style="list-style-type: none"> (a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law; (b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities; (c) in England and Wales, we have assumed the properties possess a current Energy Performance Certificate (EPC) as required under the government's Energy Performance of Buildings Directive – and that they have an energy efficient standard of 'E', or better. We would draw your attention to the fact that under the Energy Efficiency England and Wales Regulations 2015 it will be unlawful for landlords to rent out a residential properties from 1st April 2020– unless the property has reached a minimum EPC rating of an 'E', or secured a relevant exemption.

In Scotland, we have assumed that the Properties possess current Energy Performance Certificates (EPCs). EPCs are required for the sale, letting, construction or alteration of all buildings in Scotland. The Scottish Government recently published its Energy Efficient Route Map which brought in The Energy Efficiency (Private Rented Property) (Scotland) regulations 2019 which will require private rented housing in Scotland to have an EPC of at least E by 2020 for new lets and 2022 for existing tenancies; moving to Band D by 2022 for new lets and 2025 for existing. There is a consultation on a further proposal to move to Band C by 2030. At present this legislation is on hold due to the COVID-19 outbreak;

- (d) the Properties are either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value;
- (e) we assume that invasive species such as Japanese Knotweed are not present on the Properties.

High voltage electrical supply equipment may exist within, or in close proximity of, the Properties. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the Property. Our valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

- (a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;
- (b) the Properties are free from rot, infestation, structural or latent defect;
- (c) the Properties are free from tree pests and diseases other than those that would be expected to be found in the UK at the date of valuation;
- (d) no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and
- (e) the services, if any, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the Property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority Requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- (c) the Properties are not adversely affected by town planning or road proposals;
- (d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;
- (e) vacant possession can be given on all accommodation which is unlet or is let on a service occupancy, or is let on a Assured Shorthold Tenancy (England & Wales) or Short Assured Tenancy (Scotland) and we have therefore assumed all built property is valued at vacant possession value;

- (f) Stamp Duty Land Tax (SDLT) – or, in Scotland, Land and Buildings Transaction Tax (LBTT) – will apply at the rate currently applicable; and
- (g) all forest and agricultural land areas are in compliance with any forestry or agricultural grant or scheme requirements, felling licences, forest plans or other such regulation as in effect from time to time.

PART 5

DIRECTORS, MANAGEMENT AND ADMINISTRATION

1 DIRECTORS

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the Investment Manager. All of the Directors are non-executive and are independent of the Investment Manager and the Group's other service providers.

The Directors will meet at least four times a year, *inter alia*, to review and assess the Company's investment policy and strategy, the risk profile of the Company, the Company's investment performance, the performance of the Company's service providers, including the Investment Manager, and generally to supervise the conduct of the Company's affairs.

The Directors are as follows:

Richard Davidson (Chairperson)

Richard Davidson has a near 20-year track record investing in UK forestry. Since his first forest purchase in 2004, Richard has been heavily involved in the management of his own Scottish forestry investments, including the planning and design of several new planting projects. In addition, he is a partner in TFP, one of the UK's largest private forestry owners and between 2016 and 2018, Richard was the chair of the investment committee for Gresham House Forestry.

Richard was formerly a Partner and Manager of the Macro Fund at Lansdowne Partners and prior to that was a Managing Director and investment strategist at Morgan Stanley, where he worked for 15 years. He is currently the Chairman of two investment trusts, Miton Global Opportunities plc and Aberforth Smaller Companies Trust plc and is the Convener (Chairman) of the investment committee for the University of Edinburgh, managing the investments of the third largest university endowment in the UK.

Josephine Bush (Non-executive Director)

Josephine Bush was a senior partner at EY for 14 years specialising in the renewable energy sector. She built and led the UK and Ireland Renewables Tax Practice, led on market leading transactions such as structuring for the IPO of several environmental yieldcos, and developed latterly the EY global renewables business plan. She was a member of the Ernst & Young Power and Utilities Board and UK&I Governance Board.

Josephine is a non-executive director for, and Chair of the Audit, Risk and ESG committee of Vulcan Energy Resources Ltd (AUX listed), a non-executive director of Net Zero Now Ltd and a member of the investment committee of Gresham House's sustainable infrastructure fund. She founded a not-for-profit, Sustainability & You, to raise awareness of climate change challenges and opportunities. She is a qualified solicitor, and chartered tax adviser, as well as earning the CFA ESG investing qualification and a sustainable finance certification. She is a fellow of the Royal Geographic Society.

Sarika Patel (Non-executive Director)

Sarika Patel is a business leader with nearly 30 years' experience in a mixture of public and private organisations. She is a Chartered Accountant and a Chartered Marketer. Previously a partner at Zeus Capital, Sarika has been on a host of public and private sector boards. Sarika is a non-executive director and Chair of the Audit Committee of Aberdeen Standard Equity Income Trust plc and a non-executive director of Sequoia Economic Infrastructure Income Fund Limited. Sarika is also currently Chair of Action for Children, one of the UK's leading charities for children, and a Board Member of the Office for Nuclear Regulation where she chairs the Audit, Risk and Assurance Committee.

Christopher Sutton (Non-executive Director)

Christopher Sutton was a Director of James Latham plc from 2005 until 2019. Quoted on the AIM Market of the London Stock Exchange, James Latham, which was established in 1757, is one of the UK's largest independent trade distributors of timber, panels and decorative surfaces. Christopher is currently the Chairman of Timber Development UK (a merger between the Timber Trade Federation and the Timber Research Development Association). He is also an adviser to UNWASTED, a start-up company using recycled cardboard to manufacture products for use in the construction sector. Christopher also acts as a commercial board adviser to, and ambassador for, the National Forest Company.

2 THE INVESTMENT MANAGER

2.1 Introduction

The Company has engaged Foresight Group LLP as the Company's alternative investment fund manager (AIFM) to provide portfolio and risk management services to the Company. The Investment Manager is authorised and regulated by the FCA.

The Investment Manager was incorporated as a limited liability partnership in the United Kingdom on 25 October 2001, with registered number OC300878. The registered office and principal operational place of business is The Shard, 32 London Bridge Street, London, United Kingdom, SE1 9SG. The Investment Manager is domiciled in England and Wales. The Investment Manager is a wholly-owned subsidiary of Foresight Group Holdings Limited, whose shares were admitted to the premium listing segment of the Official List in February 2021.

Foresight Group was founded in 1984 and is a sustainable, diversified asset manager. With a long-established focus on ESG and sustainability-led strategies, it aims to provide attractive returns to its institutional and private investors from hard-to-access private markets. Foresight Group manages over 350 infrastructure assets (accounting for 90 per cent. of Foresight Group's assets under management) with a focus on solar and onshore wind assets, bioenergy and waste, as well as renewable energy enabling projects, energy efficiency management solutions, social and core infrastructure projects, and sustainable forestry assets. Foresight Group's private equity team manages regionally focused investment funds across the UK, supporting 125 SMEs at the end of June 2021. Foresight Group operates from 12 offices across the UK, Europe and Australia with assets under management at the end of June 2021 of £7.8 billion.

Subject to the overall supervision and control of the Directors, the Investment Manager will be responsible for the portfolio and risk management of the Company's assets in accordance with the terms of the Investment Management Agreement and the UK AIFM Regime.

2.2 Listed investment company track record

The Investment Manager has a robust track record of managing listed investment companies and is the investment adviser to five listed investment companies. Of these, the largest two sustainable investment trusts are Foresight Solar Fund Limited and JLEN Environmental Assets Group Limited, with a combined Gross Asset Value as at 30 June 2021 of c.£2.0 billion.

Foresight Solar Fund Limited

Foresight Solar Fund Limited is one of the largest UK listed solar energy funds by market capitalisation. The fund has generated an annual total shareholder return of 5.5 per cent. since launch. As at 25 October 2021, the share price was 101.80 pence, representing a 3.9 per cent. premium to the 30 June 2021 published net asset value of 98.0 pence. The fund has paid all target dividends since launch. The Investment Manager has been the investment adviser to the fund since its IPO in October 2013.

JLEN Environmental Assets Group Limited

JLEN Environmental Assets Group Limited has a diversified portfolio of UK and European renewables, including bioenergy, solar, wind, hydro and battery storage. The fund has generated an annual total shareholder return of 6.8 per cent. since launch. As at 25 October 2021 the share price was 103.40 pence, representing a 7.7 per cent. premium to the 30 June 2021 published net asset value. The fund has paid all target dividends since launch. The

Investment Manager has been the investment adviser to the fund since 2019 when Foresight Group acquired the advisory mandate for the fund, at which time the entire JLEN management team transferred to the Investment Manager.

2.3 The Investment Manager's forestry track record

The Investment Manager has been tracking the UK and European forestry sector as an investment target since 2016 with the aim of leveraging its sustainable infrastructure expertise to develop its investment capability in the sector. During the course of 2019, Foresight Group utilised its extensive research to formulate its forestry investment strategy, including developing its investment criteria, acquisition strategy, valuation methodology and by developing key relationships in the sector. This investment strategy was then successfully implemented during 2020 and 2021 via Blackmead Infrastructure Limited (a wholly-owned subsidiary of the Foresight Inheritance Tax Fund).

Foresight Group has managed the acquisition of, or holds exclusivity over, c.11,000 hectares of UK Standing Forests and Afforestation opportunities valued at c.£138 million, observes an annual forestry deal flow of over £300 million, and has a strong live pipeline of forestry investment opportunities in excess of £115 million.

This portfolio comprises the Target Seed Forestry Assets (further details of which are set out in Part 3 of this document).

2.4 The Forestry Investment Team

The key individuals from the Investment Manager who are responsible for executing the Company's investment strategy are:

Robert Guest – Director

Robert joined Foresight Group in 2015 and is an Investment Director in the Edinburgh Office with a focus on sustainable real estate and infrastructure. Robert co-founded Foresight Group's forestry team in 2019 and has overseen over £130 million of investment into the sector across more than 30 transactions. He is primarily responsible for portfolio construction and uses his strong network of forestry contacts to originate bilateral investment opportunities. He has more than 14 years' experience in finance with more than eleven of those in renewable energy and waste recycling in the UK and Europe, was a key team member on the launch of Bioenergy Infrastructure Group ("BIG") and sits on the board of a biogas aggregation platform on behalf of a pension fund client. Prior to Foresight Group, Robert worked as a Finance Executive at Heliuss Energy PLC, focusing on the greenfield project development biomass sector, and at Noble & Company in the corporate finance team.

Richard Kelly – Director

Richard joined Foresight Group in 2015 and currently works as an Investment Director in the London office with a focus on sustainable real estate. Richard co-founded Foresight Group's forestry team, with Robert Guest. Richard co-founded Foresight Group's forestry team in 2019 and has overseen over £130 million of investment into the sector across more than 30 transactions. He is primarily responsible for investment strategy and has spear-headed the direct origination campaign for off-market Afforestation land. He has over 14 years' experience in finance. Prior to co-founding Foresight Group's forestry team, Richard was responsible for the origination, development and launch of innovative investment products and new business divisions. He has successfully originated and launched four innovative new fund strategies (that have to date attracted c.£1.5 billion of investment) and founded three new business divisions (Foresight Capital Management, Foresight Metering Limited and Brighter Green Engineering Limited). Prior to joining Foresight Group, Richard worked at Accenture as a Strategy Manager where he focused on merger and acquisition strategy across a variety of industries.

Steven Hughes – Head of Portfolio

Steven joined Foresight Group in 2020 and is Managing Director, Head of Portfolio, based in the London office. He has over 24 years' experience. Steven is responsible for overseeing the performance of all operational and construction assets within the portfolio, including assets managed in-house by Foresight Group and a wide range of third-party management service

providers. Prior to Foresight Group, Steven worked at Renewable Energy Systems as Director of Asset Management where he was responsible for managing a global fleet of 5GW of renewable energy infrastructure.

Steven is a Fellow of the Institution of Mechanical Engineers and a member of the Institute of Asset Management. He holds a Master of Science degree in Renewable Energy Systems Technology from Loughborough University and an honours degree in civil engineering from Strathclyde University.

Christian Corpetti – Director of Finance

Christian joined Foresight Group in July 2019 and currently works as a Managing Director – Infrastructure Finance in the London office. He has over 20 years of experience in finance and asset and fund management. Prior to Foresight Group, Christian worked at John Laing Capital Management as Director of Finance, where he was Finance Director of both John Laing Infrastructure Fund and JLEN.

He also previously worked for 10 years at Bouygues UK, focusing on asset management and various senior finance functions for the construction business.

Julian Elsworth – Portfolio Director

Julian has been leading on the asset management elements on all of the Forestry Assets acquired by the Foresight Group to date in terms of the day-to-day management and reporting of the Forestry Assets as well as on-boarding them into the common asset management platforms. A Chartered Engineer, he has an MSc from Reading University in Renewable Energy and the Environment with 17 years' experience in sustainable energy technologies in both technical consultancy and management roles. Prior to joining the Foresight Group, Julian worked at WSP Future Energy where he focused on technical consultancy across a wide range of sustainable energy projects globally.

Robert Woolley – Investor Relations Manager

Robert joined Foresight Group in February 2020 and works in the London office as a Manager in the Institutional Investor Relations team. He works with Foresight Group's institutional investors in funds including Foresight Energy Infrastructure Partners and provides reporting for both FP Foresight UK Infrastructure Income Fund and FP Foresight Global Real Infrastructure Fund. Prior to Foresight Group, Robert spent seven years working for Impax Asset Management as an Infrastructure Finance Associate.

Henry Morgan – Sustainable Investment Manager

Henry joined Foresight Group in 2018 and is based in the London office. He is responsible for leading Foresight Group's investment approach to sustainability and ESG, creating, integrating and embedding long-term sustainability strategies throughout all infrastructure investment activities across all asset classes, inclusive of forestry. Prior to joining Foresight Group, Henry worked for the UK Ministry of Defence in a number of different project management and leadership roles, based both in the UK and overseas.

Lily Crompton – Sustainability Lead Infrastructure

Lily is a chartered sustainability and environmental professional with over 13 years of experience working in sustainability across the infrastructure, renewables, construction, and engineering industries.

With experience both on the ground as part of major infrastructure projects and ESG in corporate settings, creating and delivering sustainability strategy to drive continuous improvements. Working with stakeholders from investors and clients through to the supply chain in order to deliver results.

Lily's focus at Foresight Group is on the continual sustainability performance of the 300+ assets under management, developing a suite of sustainability key performance indicators that remain relevant and ambitious whilst building relationships with the supply chain.

The wider Foresight team

Foresight Group's 85-person Infrastructure team is made up of a 37-person Investment team and 48-person Asset Management team. The Investment team has substantial experience of sourcing, structuring and executing global sustainable infrastructure and natural capital investment transactions, understanding subsidy and commodity-based revenue streams, pricing wholesale power exposure and optimising all necessary elements of the capital structure. The breadth of skills and experience afforded by the Asset Management team allow Foresight Group to take an active approach in managing risk with regards to third party contractors.

The Infrastructure team is also supported by two dedicated Fundraising professionals that build and manage relationships across Foresight Group's large institutional investor base, as well as five Investor Relations professionals that work with colleagues from the Investment and Asset Management teams to manage ongoing investor queries and create comprehensive, detailed reports for our investors. Four professionals across the Investment, Asset Management and Fundraising teams also work collaboratively as part of a Sustainability Team, to continually improve and implement an integrated approach to sustainable investment across the Infrastructure portfolio.

Contractual partnership with highly experienced forestry company:

Foresight Group has formed a contractual partnership with an experienced forestry company EJD Forestry Ltd ("**EJDF**"). EJDF has forestry investment and asset management experience, including the development of Afforestation sites. The combined forestry industry experience of EJDF is in excess of 50 years. The contractual arrangements are long term and contain an incentive structure that aligns this partner to the success of the Target Seed Forestry Assets and the future strategy of the Company. EJDF works closely with Foresight Group's Investment and Asset Management teams, although Foresight Group regularly works with other forestry advisers, agents and practitioners, primarily on transactional work.

2.5 The Investment Management Agreement

The Company and the Investment Manager have entered into the Investment Management Agreement, a summary of which is set out at paragraph 6.2 of Part 9 of this document.

Pursuant to the terms of the Investment Management Agreement, the Investment Manager is entitled to receive an annual management fee (the "**Annual Management Fee**") on the following basis:

Net Asset Value⁽¹⁾⁽²⁾	Annual Management Fee (percentage of Net Asset Value)
On such part of the Net Asset Value that is up to and including £500 million	0.85
On such part of the Net Asset Value that is above £500 million	0.75

(1) For the avoidance of doubt, the different percentages set out above shall be applied incrementally and not as against the total Net Asset Value.

(2) In addition to the Annual Management Fee chargeable by reference to Net Asset Value, the Annual Management Fee is also chargeable on amounts drawn down under any debt facilities of the Company where such amounts are used for the acquisition of Forestry Assets for a period of 12 months from the date of draw down.

The Annual Management Fee is calculated and payable quarterly in arrears.

The quarterly Annual Management Fee shall initially be paid based upon the last preceding published Net Asset Value current at the date of payment (“**Current NAV**”). Where an updated Net Asset Value is published part way through a quarter (“**Updated NAV**”) then:

- where such Updated NAV is higher than the Current NAV, the Investment Manager shall be paid a further balancing payment for that quarter necessary to provide the Investment Manager with the same economic benefit as if the Annual Management Fee for that Quarter had been calculated on the basis of the mean average of the Current NAV and the Updated NAV; and
- where such Updated NAV is lower than the Current NAV the succeeding quarterly payments of the Annual Management Fees shall be reduced as necessary to provide the Investment Manager with the same economic benefit as if the Annual Management Fee for that Quarter had been calculated on the basis of the mean average of the Current NAV and the Updated NAV and to take account of any overpayment made in relation to the Annual Management Fee in previous quarters.

Where, part way through a quarter, the Company raises further capital through the issuance of Shares, the Annual Management Fee payable to the Investment Manager shall be adjusted on a pro-rata basis to reflect the increase in the Net Asset Value arising on the date of issuance of such Shares until the end of the relevant quarter.

If at any time, the Company, taking in account its working capital requirements, does not have sufficient cash resources (taking into account the availability of any debt facilities) to pay the Annual Management Fee (a “**Fees Shortfall**”), then, at the option of the AIFM, the Company shall, either, (i) accrue the Fees Shortfall as an outstanding amount due to the AIFM, or (ii) subject at all times to the requirements of the Companies Act and all legal requirements allot new Ordinary Shares to the Investment Manager (or reissue treasury shares) on the following basis: (i) such new Ordinary Shares shall be allotted at a deemed issuance price equal to the latest published Net Asset Value per Ordinary Share; and (ii) the number of new Ordinary Shares to be allotted to the Investment Manager shall be equal to the Fees Shortfall divided by the latest published Net Asset Value per Ordinary Share (rounded down to the nearest whole number of Ordinary Shares).

The Investment Manager is also entitled to reimbursement for all cost and expenses properly incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.

There is no performance fee payable to the Investment Manager.

The Investment Management Agreement may be terminated by either the Company or the Investment Manager on not less than 12 months’ notice to the other party, such notice not to be served before the fifth anniversary of the date of Initial Admission.

3 OTHER ARRANGEMENTS

3.1 Administrator and Company Secretary

The Investment Manager has also been appointed by the Company under the terms of the Investment Management Agreement to provide day-to-day administration services to the Company and provide the general company secretarial functions required by the Companies Act.

In this role, the Investment Manager provides certain administrative services to the Company which includes reporting the Net Asset Value, bookkeeping and accounts preparation.

The Investment Manager charges an additional fee to the Company for the provision of these services calculated and payable monthly in arrears as the greater of: (i) 0.07 per cent. of the Net Asset Value per annum; and (ii) £120,000. The Investment Manager is also entitled to reimbursement of all out-of-pocket costs, expenses and charges reasonably and properly incurred on behalf of the Company in connection with these services.

3.2 Depositary

NatWest Trustee and Depositary Services Limited has been appointed as Depositary to the Company. The Investment Manager is authorised by the FCA as a manager of AIFs for the purposes of the UK AIFM Regime and is required, in accordance with the AIFM Regulations, to ensure that a single appropriately authorised depositary is appointed to perform certain activities such as monitoring the Company's cash flows, ownership verification of certain assets of the Company, safekeeping of financial instruments to the extent such instruments are owned by the Company, and performing general oversight over the Company. The Depositary is entitled to be paid a depositary fee of £45,000 per annum (plus VAT if applicable). The costs of such services are borne by the Company.

The Depositary is incorporated in England as a limited company. Its registered and head office is at 250 Bishopsgate, London EC2M 4AA (tel: +44 (0)207 085 5000). The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is trustee and depositary services. The Depositary is authorised and regulated by the FCA. It is authorised to carry on investment business in the United Kingdom by virtue of its authorisation and regulation by the FCA.

Details of the Depositary Agreement are set out in paragraph 6.4 of Part 9 of this document.

The Depositary has sub-delegated safe keeping functions to State Street Bank and Trust Company. State Street Bank and Trust Company (London Branch) is authorised and regulated by the Federal Reserve Board, authorised by the Prudential Regulatory Authority, subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulatory Authority.

3.3 Registrar

The Company utilises the services of Computershare Investor Services PLC as registrar in relation to the transfer and settlement of its issued shares. Under the terms of the Registrar Agreement, the Registrar is entitled to a fee calculated based on the number of shareholders and the number of transfers processed (exclusive of VAT). In addition, the Registrar is entitled to certain other fees for ad hoc services rendered from time to time.

Details of the Registrar Agreement are set out in paragraph 6.5 of Part 9 of this document.

3.4 Receiving Agent

The Company has also appointed Computershare Investor Services PLC to act as the Company's receiving agent for the purposes of the Offer for Subscription pursuant to the Receiving Agent Agreement.

Details of the Receiving Agent Agreement are set out in paragraph 6.6 of Part 9 of this document.

3.5 Auditor

Ernst & Young LLP provides audit services to the Company. The annual report and accounts will be prepared according to the accounting standards laid out under IFRS. The fees charged by the Auditor depend on the services provided and on the time spent by the Auditor on the affairs of the Company; there is therefore no maximum amount payable under the Auditor's engagement letter.

4 FEES AND EXPENSES

4.1 Formation and initial expenses

The formation and initial expenses of the Company are those that arise from, or are incidental to, the establishment of the Company, the Initial Issue and Initial Admission. These expenses include the fees and commissions payable under the Placing and Offer Agreement, Receiving Agent's fees, admission fees, printing, legal and accounting fees and any other applicable expenses which will be met by the Company and paid on or around Initial Admission out of the Initial Gross Proceeds.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are expected to be approximately £4 million, equivalent to approximately 2 per cent. of the Initial Gross Proceeds, assuming Initial Gross Proceeds of £200 million. The costs will be

deducted from the Initial Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. It is expected that the starting Net Asset Value per Ordinary Share will be not less than 98 pence.

4.2 **Placing Programme expenses**

The costs and expenses of the Company relating to the Placing Programme are those that arise from, or are incidental to, the issue of Ordinary Shares pursuant to Subsequent Placings. These include the fees payable in relation to each subsequent Admission, including admission fees, as well as fees and commissions due under the Placing and Offer Agreement and any other applicable expenses in relation to the Placing Programme.

The costs and expenses of issuing Ordinary Shares pursuant to any Subsequent Placing will be covered by issuing such Ordinary Shares at the prevailing Net Asset Value per Ordinary Share (published or estimated, as applicable) at the time a Subsequent Placing is announced together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions).

4.3 **Ongoing annual expenses**

The Company will also incur ongoing annual expenses which will include fees paid to the Investment Manager and other service providers as described above in addition to other expenses which are currently expected to amount to 1.3 per cent. of Net Asset Value per annum (excluding all costs associated with making and realising investments) assuming a Net Asset Value on Initial Admission of £196 million.

5 **INVESTMENT PROCESS**

The investment process undertaken by the Investment Manager is broadly as follows:

5.1 **Sourcing investments**

The Investment Manager has an extensive network of relationships and a direct deal origination campaign which will deliver new potential forestry investment opportunities. Once opportunities have been created the Investment Manager's Sustainability and ESG screening system and review, due diligence and investment approval procedures will be carried out as part of the investment process for the execution and delivery of acquisitions and transactions.

5.2 **Sustainability and ESG screening process**

The Investment Manager will consider broad ESG factors when identifying investments. Specifically, the Investment Manager will be mindful of the following factors, as appropriate:

- Sustainable Development Contribution – The contribution made towards the global sustainability agenda;
- Environmental Footprint – The environmental impacts of an investment;
- Social Engagement – The interaction with local communities and the welfare of employees;
- Governance – The compliance with relevant laws and regulations; and
- Third Party Interactions – The sustainability credentials of key counterparties and the broader supply chain.

With reference to new acquisitions, the investment process pertaining to Sustainability and ESG assessment is as follows:

- **Stage A – Investment Opportunity Sourcing:** as part of the decision on whether to proceed with an early-stage investigation into a potential investment and presentation of the opportunity to the Investment Manager's screening committee, a high-level Sustainability and ESG review is undertaken to identify whether the asset sits appropriately within mandate and identify any material ESG risks;

- **Stage B – Initial Appraisal and Investment Structuring:** to inform the decision of the Investment Manager’s investment committee (the “**Investment Committee**”) on whether to proceed with full due diligence on the potential investment and incur third party costs, a more detailed screening and assessment of the pertinent sustainability characteristics and credentials of the project is presented to the Investment Committee.
- **Stage C – Due Diligence, Investment Execution and Final Investment Approval:** as part of the comprehensive due diligence information package presented to, and assessed by the Investment Committee, additional ESG considerations are covered in greater detail. The Investment Committee scrutinises whether the potential investment is consistent with the Investment Manager’s sustainable investment approach.
- **Stage D – Pre-Completion Memorandum:** specific Sustainability and ESG updates, including resolution of any questions arising from due diligence, form part of the pre-completion memorandum as applicable.

Furthermore, as evidence of its commitment to Sustainability and ESG, the Investment Manager is a signatory to the globally recognised Principles for Responsible Investment (“**PRI**”), a voluntary framework concerned with the incorporation and disclosure of ESG considerations in the investment decision-making process and ongoing asset ownership. With respect to the 2020 PRI Assessment, Foresight Group achieved an A+ rating for both the Infrastructure and Strategy & Governance, the highest grades available.

The Investment Manager will report quarterly to the Board on Sustainability and ESG activities during the previous quarter. Further, the Board will review the Company’s Sustainability and ESG policy on an annual basis. As part of the Audit Committee’s review of the Company’s Annual and Interim Reports, the Committee will review the Company’s compliance with all mandatory Sustainability and ESG reporting requirements.

5.3 **Review, due diligence and investment approval process**

The Board shall have overall responsibility for the management of the Company and shall oversee compliance with the Company’s investment objective and investment policy. When any potential investment opportunity (an “**Investment Opportunity**”) is identified by the investment team, the Investment Manager will undertake an initial due diligence/analysis on the Investment Opportunity in order to verify that it meets the Company’s investment objective and investment policy and is commercially sound. The investment process is integrated with Sustainability and ESG process.

It is noted that the nature of the forestry market is such that deals often move very rapidly. In order to transact successfully and remain competitive with the market, it will be necessary in some transactions for initial and detailed due diligence of the investment acquisition process to be compressed. In some instances this will involve sign-off for technical forestry due diligence (including site visit by expert) to be carried out following desktop analysis and early stage conversations with the vendor and/or the vendor’s advisers. The approval of the Investment Committee, following the review of an investment paper, will be secured before material levels of due diligence costs are incurred and binding offers are submitted to a vendor and/or the vendor’s advisors. The approval of the Investment Committee, following the review of a pre-completion memo, will be secured before a transaction completes. Communication between the Board and the Investment Manager will be maintained as pipeline opportunities progress through the Investment Manager’s due diligence and approvals process.

Due diligence on a Forestry Asset acquisition will typically include:

- **Legal:** review of title, registrations, access rights, vendor, existing grants and associated obligations, and third-party agreements (such as an option for or an existing lease for a wind farm);
- **Commercial:** site visit undertaken by an external expert for a detailed assessment of suitability of land for afforestation, or in case of an existing commercial forest, compartmentalised assessment of age and yield class of trees, suitability of land for increase of forest area, requirements for forest restructuring to bring a forest in line with UK Forestry Standard via a Forest Management Plan, opportunities for timber yield improvements and/or biodiversity enhancements and further risk factors and/or additional

value creation potential. This assessment informs the valuation report and a detailed DCF model, forecasting different income streams and expected capital expenditure and other operational costs typically for at least the next 40 years;

- Operational: the assessment referred to above also incorporates a review of operational requirements, such as additional capital expenditure required for strengthening/laying of access roads, and ongoing costs in relation to operations, as well as in relation to contractual obligations, such as grants. In addition, the expert also assesses possible restrictions on the operations from neighbouring parties/developments, third-party agreements, presence of natural resources, and proximity of national parks and protected areas;
- Insurance: review of existing insurance operational and title indemnity insurance policies, review of required insurance to be instated post acquisition (for example, against wind or fire damage); and
- Environmental and Health & Safety: review of potential risks associated with flooding and contamination, presence of natural reserves, and Health & Safety issues arising from sporting activities or proximity of a public national park or core path.

Investments are only approved following completion of due diligence and presentation to the Investment Committee of an investment paper and a pre-completion memo, incorporating a report on the findings of the internal and third-party due diligence workstreams, alongside the recommendation to invest from the Investment Team. This results in a final review by the Investment Committee prior to proceeding to entering into binding contracts in respect of a potential transaction. The Investment Committee will be responsible for any final decision to make an investment on behalf of the Company, subject to any specific matters reserved for Board approval (such as, for example, acquisitions of Forestry Assets from another Foresight Group managed fund). As such, the Investment Committee will be acting on behalf of the Investment Manager as a control to ensure that investments comply with the Company's investment policy, the Foresight Group's Investment Allocation Policy and the Investment Manager's conflicts policy, ESG principles are adhered to, risks appropriately mitigated and that potential returns properly reflect the risk profile of the asset. Even where Board approval is not required, it is expected that the Investment Manager will consult with the Board and provide information as required or appropriate.

The Investment Manager will seek to agree terms for the Investment Opportunity as appropriate during the course of the deal and due diligence process.

When the Investment Manager expects that an Investment Opportunity is likely to complete, it shall deliver to the Board as soon as reasonably practicable a report on the Investment Opportunity ("**Transaction Report**"). The Transaction Report shall include a written confirmation from the Investment Manager that the Investment Opportunity falls within the scope of the investment objective and investment policy.

The Board shall make such observations and comments as they see fit on the Transaction Report and shall communicate them to the Investment Manager as soon as reasonably practicable. Any decision to proceed with the Investment Opportunity shall be the sole responsibility of the Investment Manager but shall only be made having taken account of these observations and comments.

5.4 Investment execution

Where an Investment Opportunity proceeds to the execution phase, in addition to carrying out further due diligence on the Investment Opportunity (as applicable), the Investment Manager will:

- project manage the transaction, including co-ordinating the work of other professional advisers and service providers, including technical advisers, valuers, lawyers, accountants, and tax advisers;
- lead in the negotiation with any third party (whether buying, selling, refinancing, or otherwise) and the third party's agent (if any);
- lead in the negotiation and structuring of the transaction to ensure it meets the Company's investment objective and investment policy;

- lead in the preparation and negotiation of any new commercial agreements, or review the implications of any existing commercial agreements; and
- lead the preparation of final documentation (in conjunction with legal and accounting advisers).

5.5 Investment monitoring and reporting

The Investment Manager will continually monitor the progress of the Company's investments and the harvesting cycle and sale process for its mature timber assets. The Investment Manager will actively monitor the performance of key contractual obligations to ensure that service providers are delivering under service contracts. Additionally, the Investment Manager will carry out ongoing monitoring of relevant Sustainability and ESG factors.

The Investment Manager will also look to optimise investment performance via complementary revenue generation opportunities which may include (but are not limited to) Afforestation grants, and the opportunistic leasing of the Company's forestry lands for sporting uses, holiday lets and ecotourism and for renewable energy and telecommunications development projects.

The Investment Manager will coordinate valuation statements for the portfolio in each six month period (working with the Company's appointed valuers).

The Investment Manager will also prepare the relevant sections of the half year and annual reports for the Company relating to the portfolio, together with the report of the Investment Manager, and will make any periodic disclosures required to be made under the FCA rules in its capacity as an AIFM.

Amongst other general roles, the Investment Manager will also work closely with the Company's advisers to assist in the preparation of relevant regulatory announcements and in the observation of other ongoing regulatory obligations of the Company.

The Investment Manager shall supply to the Board for its information any reports on investments, due diligence reports or any other information in relation to investment opportunities as may be requested from time to time.

5.6 Holding and exit strategy

The Group's holding period and exit strategy for each asset will depend on the characteristics of the asset, transaction structure, Sustainability and ESG considerations, exit price potentially achievable, suitability and availability of alternative investments (capital recycling), balance of the portfolio and lot size of the asset as compared to the value of the portfolio. While the Directors intend to hold the Group's Forestry Assets on a long-term basis, the Group may dispose of investments should an appropriate opportunity arise where, in the Investment Manager's opinion, the value that could be realised from such disposal would represent a satisfactory return on the investment and/or otherwise enhance the value of the Group as a whole, having consideration to the Company's investment objective and investment policy. In the case of Afforestation assets it is an explicit part of the Company's strategy that these may be sold opportunistically, with the capital generated from this largely recycled in to additional Afforestation or other Forestry Asset acquisitions, where it makes commercial sense to do this.

5.7 Conflict management

General

The Investment Manager has regard to its delegated obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients, when potential conflicts of interest arise. In the event of a conflict of interest arising, the Investment Manager will ensure that it is resolved fairly and in accordance with the COBS Rules and in particular, that any transactions are effected on terms which are not materially less favourable to the Company than if the potential conflict had not existed. The COBS Rules require the Investment Manager to ensure fair treatment of all its clients. The COBS Rules also require that when an investment is made it should be allocated fairly amongst all of its clients for whom the investment is appropriate.

Asset allocation

Notwithstanding the Investment Manager's allocation policy, the Investment Manager has undertaken that in relation to any opportunity sourced or originated by Foresight Group that falls within the scope of the Company's investment policy (a "**Guideline Investment**") the following policy will be followed:

- (a) all Guideline Investments will first be internally allocated by the Investment Manager to the Group in full and will be assessed via the Investment Manager's normal investment review process;
- (b) if the Guideline Investment passes the investment review process and is recommended for investment, the Investment Manager will then determine whether the Group is technically able to make the relevant Guideline Investment (in whole or in part) by: (i) assessing the relevant Guideline Investment against the investment restrictions in the investment policy, (ii) whether the Group has the funds available to finance the relevant Guideline Investment, and (iii) whether the relevant Guideline Investment contributes sufficiently to the Company's target return;
- (c) if the Investment Manager determines that the Group is not technically able to make the relevant Guideline Investment then other funds managed by Foresight Group will be free to make the Guideline Investment (to the extent that the opportunity remains);
- (d) if the Group is technically able to make the relevant Guideline Investment, but the Investment Manager determines that either: (i) the relevant Guideline Investment is not strategically beneficial for the Group, for whatever reason, or (ii) recommends that the Group only makes a partial investment in the relevant Guideline Investment alongside one or more other funds managed by Foresight Group or a third party investor, the Investment Manager shall discuss this decision with the Board and shall take into account any comments or instructions from the Board;
- (e) if the Board agrees with the Investment Manager's recommendation, then other funds managed by Foresight Group will be free to make the relevant Guideline Investment (to the extent that the opportunity remains);
- (f) if the Group decides to partially invest in the relevant Guideline Investment, then any other fund managed by Foresight Group may be offered the opportunity to take up the balance of the investment; and
- (g) in circumstances where both the Group and another fund managed by Foresight Group co-invest in the same Guideline Investment, the Investment Manager shall ensure that they will invest on substantially the same terms, unless otherwise agreed.

Acquisition of assets

The Investment Manager may be involved in other financial, investment or professional activities in the future, including managing assets for, or advising, other investment clients. It may provide investment management, investment advice or other services to investment companies which may have substantially similar investment policies to that of the Company.

It is possible that the Group may seek to purchase certain investments from funds or investment vehicles managed or operated by Foresight Group to the extent that the investments fall within the Company's investment policy. In order to deal with these potential conflicts of interest, detailed procedures and arrangements have been established to manage transactions between the Company, the Investment Manager (or its affiliates) and other funds or investment vehicles managed by Foresight Group. If such acquisitions are to be made, appropriate procedures will be put in place to manage the conflict and ensure any transactions are on an arms' length basis and are at fair market value. The acquisition of assets by the Company from other funds or investment vehicles managed by Foresight Group will be subject to approval from the Board (all of whom are independent of the Investment Manager) prior to the acquisition proceeding and compliance, where relevant, with Chapter 11 of the Listing Rules in relation to related party transactions.

6 CORPORATE GOVERNANCE

The Disclosure Guidance and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements. The Board has considered the principles and recommendations of the AIC Code. The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to listed investment companies. The Board considers that reporting against the principles and recommendations of the AIC Code, will provide better information to Shareholders. As a recently incorporated company, the Company does not yet comply with the UK Corporate Governance Code or the principles of good governance contained in the AIC Code. However, the Company intends to join the AIC as soon as practicable following Initial Admission, and arrangements have been put in place so that, with effect from Initial Admission, the Company will comply with the AIC Code.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

It is acknowledged in the UK Corporate Governance Code that some of its provisions may not be relevant to externally managed investment companies (such as the Company). The Board does not consider that the above provisions are relevant to the Company. The Company will therefore not comply with these provisions.

The Company's Audit Committee is chaired by Sarika Patel and also includes Josephine Bush Christopher Sutton and Richard Davidson. The Audit Committee will meet at least twice a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit Committee will examine the effectiveness of the Company's control systems. It will review the half-yearly and annual reports and receive information from the Investment Manager. It will also review the scope, results, cost effectiveness, independence and objectivity of the external auditor.

In accordance with the AIC Code, the Company has established a Management Engagement Committee which is chaired by Richard Davidson and consists of all the Directors. The Management Engagement Committee will meet at least once a year or more often if required. Its principal duties will be to consider the terms of appointment of the Investment Manager and other service providers and it will annually review those appointments and the terms of engagement.

The Company's Nomination Committee consists of all the Directors and is chaired by Josephine Bush. The Nomination Committee will meet at least once a year or more often if required. Its principal duties will be to advise the Board on succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and will make recommendations to the Board in this regard. The Nomination Committee will advise the Board on its balance of relevant skills, experience, gender, race, age and length of service of the Directors serving on the Board. All appointments to the Board will be made in a formal and transparent matter.

As the Company has no executive directors, the Board has not established a separate remuneration committee, and discussions regarding Directors' remuneration shall be undertaken by the full Board.

7 DIRECTORS' SHARE DEALINGS

The Directors will comply with the share dealing code adopted by the Company in relation to their dealings in Shares. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors.

PART 6

THE INITIAL ISSUE

1 INTRODUCTION

The Company is targeting an aggregate issue of up to 200 million Ordinary Shares pursuant to the Initial Issue, comprising the Initial Placing, the Offer for Subscription and the Intermediaries Offer. The Initial Issue has not been underwritten. The maximum number of Ordinary Shares to be issued under the Initial Issue is 200 million. The minimum size of the Initial Issue is 130 million Ordinary Shares.

Blackmead Infrastructure Limited has committed to make a cornerstone investment in the Initial Issue of 29.99 per cent. of the Ordinary Shares on Initial Admission subject to a maximum investment amount of £59.98 million and to possible scaling back in the event of the over subscription of the Initial Issue, and has entered into the Lock-In Agreement in relation to such Ordinary Shares.

The total number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the Initial Gross Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement and the Company's website prior to Initial Admission.

The Net Proceeds, after deduction of expenses, are expected to be approximately £196 million on the assumption that the Initial Gross Proceeds are £200 million.

Applications will be made for the Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market. It is expected that Initial Admission will become effective and dealings in the Ordinary Shares will commence at 8.00 a.m. on 24 November 2021.

2 THE INITIAL ISSUE

Overview

Ordinary Shares will be issued pursuant to the Initial Issue at an Issue Price of 100 pence per Ordinary Share.

The Initial Issue is conditional, *inter alia*, on: (i) Initial Admission having become effective on or before 8.00 a.m. on 24 November 2021 or such later time and/or date as the Company, the Investment Manager and Jefferies may agree (being not later than 8.00 a.m. on 10 December 2021); (ii) the Placing and Offer Agreement becoming wholly unconditional in respect of the Initial Issue (save as to Initial Admission) and not having been terminated in accordance with its terms at any time prior to Initial Admission; and (iii) the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager and Jefferies may agree) being raised.

If the Initial Issue does not proceed (due to the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager and Jefferies may agree) not being raised or otherwise), any monies received under the Initial Issue will be returned without interest (at the risk of the applicant) to the applicant from whom the money was received, within 14 calendar days.

If the Minimum Gross Proceeds are not raised, the Initial Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA.

Initial Placing

Jefferies has agreed to use its reasonable endeavours to procure subscribers pursuant to the Initial Placing on the terms and subject to the conditions set out in the Placing and Offer Agreement.

The Ordinary Shares are being made available under the Initial Placing at the Issue Price. The terms and conditions that shall apply to any subscription for Ordinary Shares under the Initial Placing are set out in Part 13 of this document. The latest time and date for receipt of

commitments under the Initial Placing is 3.00 p.m. on 18 November 2021 (or such later date, not being later than 10 December 2021, as the Company, the Investment Manager and Jefferies may agree).

If the Initial Placing is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

Each Placee agrees to be bound by the Articles once the Ordinary Shares that the Placee has agreed to subscribe for pursuant to the Initial Placing have been acquired by the Placee. The contract to subscribe for the Ordinary Shares under the Initial Placing and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales.

Commitments under the Initial Placing, once made, may not be withdrawn without the consent of the Directors.

Offer for Subscription

The Company is making an offer of Ordinary Shares pursuant to the Offer for Subscription at the Issue Price, subject to the Terms and Conditions of Application as set out in Part 14 of this document. The Terms and Conditions of Application and the Application Form set out at Appendix 1 to this document should be read carefully before an application is made. Investors should consult their independent financial adviser if they are in any doubt about the contents of this document or the acquisition of Ordinary Shares.

The Offer for Subscription is being made in the United Kingdom, the Channel Islands and the Isle of Man only.

Applications under the Offer for Subscription must be for Ordinary Shares with a minimum subscription amount of £1,000 and thereafter in multiples of £100 or such lesser amount as the Company may determine (at its discretion). Multiple applications will be accepted. Commitments under the Offer for Subscription once made, may not be withdrawn without the consent of the Directors.

Application Forms accompanied by a cheque or banker's draft in Sterling must be made payable to "**CIS PLC re: Foresight OFS a/c**" for the appropriate sum should be returned to the Receiving Agent by no later than 11.00 a.m. on 18 November 2021.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 11.00 a.m. on 18 November 2021. Applicants should send payment to the relevant bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

Payments by CHAPS must be accompanied by a personalised payment reference number which may be obtained by contacting the Receiving Agent directly by email at foresightofs@computershare.co.uk. The Receiving Agent will then provide you with a unique reference number which must be used when sending payment.

The account name for any electronic payment should be in the name that is given on your Application Form and payments must relate solely to your application. It is recommended that such transfers are actioned within 24 hours of posting your application and be received by no later than 11.00 a.m. on 18 November 2021.

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to the Receiving Agent's Participant Account 3RA43 by no later than 11.00 a.m. on 18 November 2021, allowing for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share in Sterling through the CREST system upon the settlement date, following the CREST matching criteria set out in the Application Form.

If the Offer for Subscription is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

Intermediaries Offer

Investors may also subscribe for Ordinary Shares at the Issue Price pursuant to the Intermediaries Offer. Only the Intermediaries' retail investor clients in the United Kingdom, the Channel Islands and the Isle of Man are eligible to participate in the Intermediaries Offer. Investors may apply to any one of the Intermediaries to be accepted as their client.

All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer.

No Ordinary Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom, the Channel Islands or the Isle of Man. A minimum application of 1,000 Ordinary Shares per underlying applicant will apply. Allocations to Intermediaries will be determined the Company in its absolute discretion (following consultation with Jefferies and the Investment Manager).

An application for Ordinary Shares in the Intermediaries Offer means that the underlying applicant agrees to acquire the Ordinary Shares applied for at the Issue Price. Each underlying applicant must comply with the appropriate money laundering checks required by the relevant Intermediary and all other laws and regulations applicable to their agreement to subscribe for Ordinary Shares. Where an application is not accepted or there are insufficient Ordinary Shares available to satisfy an application in full, the relevant Intermediary will be obliged to refund the underlying applicant as required and all such refunds shall be made without interest. The Company, the Investment Manager and Jefferies accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Each Intermediary has agreed, or will on appointment agree, to the Intermediaries Terms and Conditions, which regulate, *inter alia*, the conduct of the Intermediaries Offer on market standard terms and provide for the payment of a commission and/or fee (to the extent permissible by the rules of the FCA) to Intermediaries from the Company if such Intermediary elects to receive a commission and/or fee. Pursuant to the Intermediaries Terms and Conditions, in making an application, each Intermediary will also be required to represent and warrant that they are not located in the United States and are not acting on behalf of anyone located in the United States.

In addition, the Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom, subject to the Intermediaries Terms and Conditions. Any such materials, information or advice are solely the responsibility of the relevant Intermediary and will not be reviewed or approved by either of the Company or the Investment Manager. Any liability relating to such documents shall be for the relevant Intermediaries only.

The Intermediaries Terms and Conditions provide for the Intermediaries to have an option (where the payment of such commission and/or fee is not prohibited) to be paid a commission and/or fee by the Company where it has elected to receive such commission and/or fee in respect of the Ordinary Shares allocated to and paid for by them pursuant to the Intermediaries Offer.

3 SCALING BACK AND ALLOCATION

The results of the Initial Issue will be announced by the Company via a Regulatory Information Service.

In the event that commitments under the Initial Placing and valid applications under the Offer for Subscription and the Intermediaries Offer exceed the maximum number of Ordinary Shares available under the Initial Issue (being 200 million Ordinary Shares), applications under the Initial Placing, the Offer for Subscription and the Intermediaries Offer will be scaled back at the discretion of Company (in consultation with Jefferies and the Investment Manager).

The Company reserves the right to decline in whole or in part any application for Ordinary Shares pursuant to the Initial Placing or the Offer for Subscription.

Monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest (at the risk of the applicant) to the applicant from whom the money was received, within 14 calendar days following the close of the Initial Issue.

4 REASONS FOR THE INITIAL ISSUE AND USE OF PROCEEDS

The Initial Issue is intended to raise money for investment in accordance with the Company's investment objective.

The Directors intend to use the Net Proceeds, after providing for the Company's operational expenses, to purchase investments in line with the Company's investment objective and investment policy.

The Company expects the Net Proceeds to be invested or committed within a period of 12 months after Initial Admission (subject to market conditions). There can be no guarantee that initial deployment of the Net Proceeds will be achieved in the timeframe referred to above.

5 COSTS OF THE INITIAL ISSUE

The formation and initial expenses of the Company are those that arise from, or are incidental to, the establishment of the Company, the Initial Issue and Initial Admission.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are expected to be approximately £4 million, equivalent to approximately 2 per cent. of the Initial Gross Proceeds, assuming Initial Gross Proceeds of £200 million. The costs will be deducted from the Initial Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. It is expected that the starting Net Asset Value per Ordinary Share will be not less than 98 pence.

6 WITHDRAWAL

In the event that the Company is required to publish a supplementary prospectus prior to Initial Admission, applicants who have applied for Ordinary Shares under the Offer for Subscription (including the Intermediaries Offer) shall have at least two clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their offer to acquire Ordinary Shares in the Offer for Subscription in its entirety. If the application is not withdrawn within the stipulated period, any offer to apply for Ordinary Shares in the Offer for Subscription will remain valid and binding.

Investors under the Offer for Subscription wishing to exercise statutory withdrawal rights after the publication of a supplementary prospectus prior to Initial Admission must do so by lodging written notice of withdrawal to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or by emailing foresightofs@computershare.co.uk so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received after expiry of such period will not constitute a valid withdrawal.

Intermediaries wishing to exercise withdrawal rights on behalf of their underlying clients on behalf of whom they have submitted applications for Ordinary Shares, after the publication of a supplementary prospectus prior to the close of the Offer for Subscription must do so in accordance with the Intermediaries Terms and Conditions so as to be received no later than four Business Days after the date on which the supplementary prospectus is published. If the applications for Ordinary Shares are not withdrawn by the Intermediaries during such time, the offer to apply for Ordinary Shares as set out in the application will remain valid and binding.

7 THE PLACING AND OFFER AGREEMENT

The Placing and Offer Agreement contains provisions entitling Jefferies to terminate the Initial Issue (and the arrangements associated with it) at any time prior to Initial Admission in certain circumstances. If this right is exercised, the Initial Issue and these arrangements will

lapse and any monies received in respect of the Initial Issue will be returned to each applicant without interest (at the risk of the applicant) to the applicant from whom the money was received.

The Placing and Offer Agreement provides for Jefferies to be paid commissions by the Company in respect of the Ordinary Shares to be allotted pursuant to the Initial Issue. Any Ordinary Shares subscribed for by Jefferies may be retained or dealt in by it for its own benefit. Under the Placing and Offer Agreement, Jefferies is also entitled at its discretion and out of its own resources at any time to rebate to any third party (including to the Investment Manager in relation to any Placees introduced by it) part or all of its fees relating to the Initial Placing.

Further details of the terms of the Placing and Offer Agreement are set out in paragraph 6.1 of Part 9 of this document.

8 GENERAL

Pursuant to anti-money laundering laws and regulations with which the Company must comply, the Company (and its agents) may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s), before any Ordinary Shares are issued to the relevant applicant pursuant to the Initial Issue.

If there are any material changes affecting any of the matters described in this document or where any significant new factors have arisen after the publication of this document, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the material change(s) or the significant new factor(s).

9 INITIAL ADMISSION, CLEARING AND SETTLEMENT

Applications will be made for the Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market. It is expected that Initial Admission will become effective, and that dealings in the Ordinary Shares will commence, at 8.00 a.m. on 24 November 2021.

Payment for the Ordinary Shares, in the case of the Initial Placing, should be made in accordance with settlement instructions to be provided to Placees by Jefferies. Payment for Ordinary Shares applied for under the Offer for Subscription (including the Intermediaries Offer) should be made in accordance with the instructions contained in the Offer for Subscription Application Form set out at the end of this document. To the extent that any application for Ordinary Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.

An investor applying for Ordinary Shares in the Initial Issue may receive Ordinary Shares in certificated or uncertificated form. The Ordinary Shares are in registered form. No temporary documents of title will be issued. Dealings in Ordinary Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. It is expected that CREST accounts will be credited on 24 November 2021 in respect of Ordinary Shares issued in uncertificated form and definitive share certificates in respect of Ordinary Shares held in certificated form will be despatched by post week commencing 6 December 2021 (or as soon as possible thereafter), at the Shareholder's own risk.

The ISIN of the Ordinary Shares is GB00BMDPKM71 and the SEDOL is BMDPKM7.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share.

10 CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company has applied for the

Ordinary Shares to be admitted to CREST with effect from Initial Admission. Accordingly, settlement of transactions in the Ordinary Shares following Initial Admission may take place within the CREST system if any Shareholder so wishes.

It is expected that the Company will arrange for Euroclear to be instructed on 24 November 2021 to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Ordinary Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of Ordinary Shares out of the CREST system following the Initial Issue should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. An investor applying for Ordinary Shares in the Initial Issue may elect to receive Ordinary Shares in uncertificated form if such investor is a system-member (as defined in the Regulations) in relation to CREST. If a Shareholder or transferee requests Ordinary Shares to be issued in certificated form and is holding such Ordinary Shares outside CREST, a share certificate will be despatched either to the Shareholder or his nominated agent (at the Shareholder's risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Shareholders holding definitive certificates may elect at a later date to hold such Ordinary Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

11 OVERSEAS PERSONS

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of Ordinary Shares under the Initial Issue to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain Ordinary Shares under the Initial Issue. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for Ordinary Shares under the Initial Issue to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Ordinary Shares are being offered and sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

In addition, until 40 calendar days after the commencement of the Initial Issue, an offer or sale of the Ordinary Shares within the United States by any dealer (whether or not participating in the Initial Issue) may violate the registration requirements of the U.S. Securities Act.

The offer and sale of Ordinary Shares has not been and will not be registered under the applicable securities laws of Australia, Canada, the Republic of South Africa or Japan. Subject to certain exemptions, the Ordinary Shares may not be offered to or sold within Australia, Canada, the Republic of South Africa or Japan or to any national, resident or citizen of Australia, Canada, the Republic of South Africa or Japan.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under the Initial Issue if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

United States transfer restrictions

Each of Jefferies and the Company has acknowledged and warranted in the Placing and Offer Agreement that it will not offer or sell or procure the offer or sale of the Ordinary Shares except in compliance with Regulation S. The Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, investors may not reoffer, resell, pledge or otherwise transfer or deliver, directly or indirectly, any Ordinary Shares within the United States, or to, or for the account or benefit of, any U.S. Person.

12 PROFILE OF A TYPICAL INVESTOR

Typical investors in the Company are expected to be institutional investors, professionally advised

private investors and retail investors.

An investment in the Company is only suitable for persons capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from the investment (which may equal the whole amount invested).

Potential investors should consider with care whether an investment in the Company is suitable for

them in the light of their personal circumstances and the financial resources available to them. Private investors in the UK who are unsure whether to invest should consider consulting a financial adviser authorised under the FSMA to assess whether an investment in the Company is suitable.

PART 7

THE PLACING PROGRAMME

1 INTRODUCTION

The Company may issue up to 200 million Shares (being Ordinary Shares and/or C Shares) on a non-pre-emptive basis pursuant to the Placing Programme.

The Placing Programme is flexible and may have several closing dates in order to provide the Company with the ability to issue Shares over a period of time. The Placing Programme is intended to satisfy market demand for Shares and to raise further money after the Initial Issue to increase the size of the Company and invest in accordance with the Company's investment policy.

2 THE PLACING PROGRAMME

The Placing Programme will open on 24 November 2021 and will close on 27 October 2022 (or any earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors). The terms and conditions that apply to the purchase of the Shares under the Placing Programme are set out in Part 13 of this document.

The Company will have the flexibility to issue Shares on a non-pre-emptive basis where there appears to be reasonable demand for Shares in the market, for example if the Ordinary Shares trade at a premium to the Net Asset Value per Ordinary Share.

Any issue of Shares under the Placing Programme is at the discretion of the Directors. Issues may take place at any time prior to the final closing date of 27 October 2022 (or any earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors). An announcement of each Subsequent Placing under the Placing Programme will be released via a Regulatory Information Service, including details of the number of Shares to be issued and the Placing Programme Price for the issue.

There is no minimum subscription. The Placing Programme is not being underwritten and, as at the date of this document, the actual number of Shares to be issued under the Placing Programme is not known. The maximum number of Shares available under the Placing Programme should not be taken as an indication of the number of Shares finally to be issued.

Where new Shares are issued pursuant to the Placing Programme, the total assets of the Company will increase by that number of Shares multiplied by the relevant Placing Programme Price less the expenses of such issuance.

The net proceeds of any Subsequent Placing under the Placing Programme are dependent, *inter alia*, on the level of subscriptions received, the price at which such Shares are issued and the costs of the Subsequent Placing.

The Shares issued pursuant to the Placing Programme will rank *pari passu* with the Shares then in issue (save for any dividends or other distributions declared, made or paid on the Shares by reference to a record date prior to the allotment and issue of the relevant Shares).

The Placing Programme will be suspended at any time when the Company is unable to issue Shares under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Placing Programme may resume when such conditions cease to exist.

Conditions

Each issue of Shares pursuant to a Subsequent Placing under the Placing Programme will be conditional, *inter alia*, on:

- Admission of the relevant Shares occurring by no later than 8.00 a.m. on such date as the Company, the Investment Manager and Jefferies may agree from time to time in relation to that Admission, not being later than 27 October 2022;
- a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation Rules; and

- the Placing and Offer Agreement being wholly unconditional as regards the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

3 THE PLACING PROGRAMME PRICE

The minimum price at which Ordinary Shares will be issued pursuant to the Placing Programme, will be equal to the prevailing Net Asset Value per Ordinary Share (published or estimated, as applicable) at the time a Subsequent Placing is announced together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions), which are not expected to exceed 2 per cent. of the gross proceeds of such Subsequent Placing. C Shares (if any) issued pursuant to the Placing Programme will be issued at 100 pence per C Share and the costs and expenses of any issue of C Shares will be allocated solely to the C Share pool of assets.

In accordance with Listing Rule 15.4.11, the Company may not issue Ordinary Shares for cash on a non-pre-emptive basis at a price below the prevailing estimated Net Asset Value per Ordinary Share at the time of announcement of the issue without Shareholder approval.

The Placing Programme Price will be announced via a Regulatory Information Service as soon as practicable in conjunction with each Subsequent Placing.

4 BENEFITS OF THE PLACING PROGRAMME

The Directors believe that the issue of Shares pursuant to the Placing Programme should yield the following principal benefits:

- give the Company the ability to issue Ordinary Shares to better manage the premium at which the Ordinary Shares may trade relative to the Net Asset Value per Ordinary Share;
- enhance the Net Asset Value per Ordinary Share of existing Ordinary Shares through new issuance of Ordinary Shares at a premium to the prevailing published Net Asset Value per Ordinary Share;
- grow the Company, thereby spreading operating costs over a larger capital base which should reduce the Ongoing Charges Ratio;
- the Company will be able to raise additional capital promptly, allowing it to take advantage of future investment opportunities as and when they arise; further diversifying the Company's portfolio of investments; and
- improve liquidity in the market for the Ordinary Shares.

5 COSTS OF THE PLACING PROGRAMME

The costs and expenses of the Company relating to the Placing Programme are those that arise from, or are incidental to, the issue of Shares pursuant to Subsequent Placings. These include the fees payable in relation to each subsequent Admission, including admission fees, as well as fees and commissions due under the Placing and Offer Agreement and any other applicable expenses in relation to the Placing Programme.

The costs and expenses of issuing Ordinary Shares pursuant to any Subsequent Placing will be covered by issuing such Ordinary Shares at the prevailing Net Asset Value per Ordinary Share (published or estimated, as applicable) at the time of announcement of the issue, together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions). The costs and expenses of any issue of C Shares pursuant to the Placing Programme will be allocated solely to the C Share pool of assets.

The costs and expenses of issuing Shares pursuant to a Subsequent Placing are not expected to exceed 2 per cent. of the gross proceeds of such Subsequent Placing.

6 SCALING BACK

In the event of oversubscription of a Subsequent Placing, applications under the relevant Subsequent Placing will be scaled back at the absolute discretion of the Company (in consultation with Jefferies and the Investment Manager).

7 THE PLACING AND OFFER AGREEMENT

Under the Placing and Offer Agreement, Jefferies has undertaken, as agent for the Company, to use its reasonable endeavours to procure subscribers under the Placing Programme for Ordinary Shares at the Placing Programme Price. Details of the Placing and Offer Agreement are set out in paragraph 6.1 of Part 9 of this document.

The Placing and Offer Agreement provides for Jefferies to be paid commissions by the Company in respect of the Ordinary Shares to be issued pursuant to the Placing Programme. Any Ordinary Shares subscribed for by Jefferies may be retained or dealt in by it for its own benefit. Under the Placing and Offer Agreement, Jefferies is also entitled at its discretion and out of its own resources at any time to rebate to any third party (including to the Investment Manager in relation to any Placees introduced by it) part or all of its fees relating to any Subsequent Placing.

In circumstances in which the conditions to a Subsequent Placing are not fully met, the relevant issue of Ordinary Shares pursuant to the Placing Programme will not take place.

8 VOTING DILUTION

If 200 million Shares were to be issued pursuant to Subsequent Placings, and (ii) 200 million Ordinary Shares have been subscribed in aggregate under the Initial Issue, and (iii) a Shareholder did not participate in such Subsequent Placings, there would be a dilution of approximately 50.0 per cent. in such Shareholder's voting control of the Company immediately after the Initial Issue (and prior to the conversion of any C Shares). The voting rights may be diluted further on conversion of any C Shares depending on the applicable conversion ratio. However, it is not anticipated that there would be any dilution in the Net Asset Value per Ordinary Share as a result of any Subsequent Placing under the Placing Programme.

9 USE OF PROCEEDS

The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's investment objective and investment policy and for working capital purposes.

10 ADMISSION AND SETTLEMENT

The Placing Programme may have several closing dates to provide the Company with the ability to issue Shares over the duration of the Placing Programme. Shares may be issued under the Placing Programme from 24 November 2021 until 27 October 2022 (or any earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors).

Applications will be made for the Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market. It is expected that any Admissions pursuant to Subsequent Placings will become effective and dealings will commence between 24 November 2021 and 27 October 2022. All Shares issued pursuant to the Placing Programme will be allotted conditionally on such Admission occurring.

Payment for the Shares should be made in accordance with settlement instructions to be provided to Placees by Jefferies.

Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Shares to be issued in uncertificated form pursuant to a Subsequent Placing, these will be transferred to successful applicants through the CREST system. Dealing in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. Whilst it is expected that all Shares allotted pursuant to the Placing

Programme will be issued in uncertificated form, if any Shares are issued in certificated form it is expected that definitive share certificates will be despatched approximately one week following Admission of the Shares, at the Shareholder's own risk.

The ISIN number of the Ordinary Shares is GB00BMDPKM71 and the SEDOL code is BMDPKM7.

The ISIN number of the C Shares is GB00BMDTQF47 and the SEDOL code is BMDTQF4.

Any Ordinary Shares issued pursuant to any Subsequent Placing will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant Ordinary Shares).

11 CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Shares under the CREST system. The Company shall apply for the Shares offered under the Placing Programme to be admitted to CREST with effect from their Admission. Accordingly, settlement of transactions in the Shares following an Admission may take place within the CREST system if any holder of such Shares so wishes.

12 OVERSEAS PERSONS

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of Shares under the Placing Programme to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain Shares under the Placing Programme. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for Shares under the Placing Programme to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her under the Placing Programme, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Shares are only being offered and sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

The offer and sale of Shares has not been and will not be registered under the applicable securities laws of Australia, Canada, the Republic of South Africa or Japan. Subject to certain exemptions, the Shares may not be offered to or sold within Australia, Canada, the Republic of South Africa or Japan or to any national, resident or citizen of Australia, Canada, the Republic of South Africa or Japan.

The Company reserves the right to treat as invalid any agreement to subscribe for Shares under the Placing Programme if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

13 PROFILE OF A TYPICAL INVESTOR

Typical investors in the Company are expected to be institutional investors, professionally advised private investors and retail investors.

An investment in the Company is only suitable for persons capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from the investment (which may equal the whole amount invested).

Potential investors should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Private investors in the UK who are unsure whether to invest should consider consulting a financial adviser authorised under the FSMA to assess whether an investment in the Company is suitable.

PART 8

TAXATION

Prospective investors, and in particular those who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom, should consult their professional advisers concerning the possible tax consequences of their subscribing for, purchasing, holding or selling Shares including as to any impact on the income received from the Shares. The following summary of the principal United Kingdom tax consequences applicable to the Company and its Shareholders is based upon interpretations of existing laws in effect on the date of this document and no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with the interpretations or that changes in such laws will not occur. The tax and other matters described in this document are not intended as legal or tax advice. Each prospective investor must consult its own advisers regarding the tax consequences of an investment in Shares. None of the Company, the Directors, the Investment Manager, Jefferies or any of their respective affiliates or agents accept any responsibility for providing tax advice to any prospective investor.

Introduction

The information below, which relates only to United Kingdom taxation, relates only to persons who are resident solely in the United Kingdom for UK taxation purposes and who hold Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owners of both the Shares and any dividends paid on them. It is based on current United Kingdom tax law and HMRC's published practice (which may not be binding), which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Shares in connection with their employment, may be taxed differently and are not considered. The tax consequences for each Shareholder investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

There may be other tax consequences of an investment in the Company and all Shareholders or potential investors, in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult an appropriate professional adviser without delay. In particular, the tax legislation of the Shareholder's or potential investor's country of domicile or residence and of the Company's country of incorporation may have an impact on income received from the Shares.

The Company

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies and continues to satisfy the conditions necessary for it to be approved by HMRC as an investment trust under sections 1158 to 1159 of the CTA 2010. However, neither the Directors nor the Investment Manager can guarantee that this approval will be maintained. One of the conditions for a company to qualify as an investment trust is that it is not a close company. The Directors intend that the Company should not be a close company immediately following Initial Admission. In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust the Company will be exempt from UK taxation on its capital gains and capital profits from creditor loan relationships. The Company will, however, (subject to what follows) be liable to UK corporation tax on its income in the normal way.

An investment trust approved under sections 1158 to 1159 of the CTA 2010, or one that intends to seek such approval, is able to elect to take advantage of modified UK tax treatment in respect of its "qualifying interest income" for an accounting period (referred to here as the "streaming" regime). Under regulations made pursuant to the Finance Act 2009, the Company may, if it so chooses, designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends in respect of the accounting period, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays in this manner, it would be able to deduct such interest distributions from its taxable interest income in calculating its taxable profit for the relevant accounting period.

The Company should in practice be exempt from UK corporation tax on any dividend income received, provided that such dividends (whether from UK or non-UK companies) fall within one of the “exempt classes” in Part 9A of the CTA 2009.

Shareholders

Taxation of capital gains

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to capital gains tax in respect of any gain arising on a disposal of their Shares. Each such individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2021–2022. Capital gains tax chargeable will be at the current rate of 10 per cent. (for basic rate taxpayers) and 20 per cent. (for higher and additional rate taxpayers) for the tax year 2021–2022.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax on chargeable gains arising on a disposal of their Shares.

Capital losses realised on a disposal of Shares must be set off as far as possible against chargeable gains for the same tax year (or accounting period in the case of a corporate Shareholder), even if this reduces an individual Shareholder’s total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, except for losses accruing to an individual Shareholder in the year of his death.

Taxation of dividends

Distributions made by the Company may either take the form of dividend income, or of “qualifying interest income” which may be designated as interest distributions for UK tax purposes. Prospective investors should note that the UK tax treatment of the Company’s distributions may vary for a Shareholder depending upon the classification of such distributions. Prospective investors who are unsure about the tax treatment which will apply to them in respect of any distributions made by the Company should consult their own tax advisers.

The Company will not be required to withhold tax at source when paying a dividend, whether it is paid in the form of dividend income or is designated as an interest distribution.

Individual Shareholders

(a) Non interest distributions

If the Directors do not elect for the “streaming” regime to apply to any dividends paid by the Company, the following statements summarise the expected UK tax treatment for individual Shareholders who receive dividends from the Company. The following statements would also apply to any dividends not treated as “interest distributions” were the Directors to elect for the streaming regime to apply.

A £2,000 annual tax free dividend allowance is available to UK individuals for the tax year 2021-22. Dividends received more than this threshold will be taxed, for the tax year 2021-22 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers).

The Company will not be required to withhold tax at source when paying a dividend.

(b) Interest distributions

Should the Directors elect to apply the “streaming” regime to any dividends paid by the Company, were the Company to designate any dividends paid as an “interest distribution”, a UK resident Shareholder in receipt of such a dividend would be treated as though they had

received a payment of interest. Such a Shareholder would be subject to UK income tax at the current rates of 20 per cent., 40 per cent. or 45 per cent., depending on the level of the Shareholder's income. No withholding tax will be applied to such distributions.

Each UK resident individual who is a basic rate taxpayer is entitled to a Personal Saving Allowance which exempts the first £1,000 of savings income (including distributions deemed as 'interest distributions' from an investment trust company). The exempt amount is reduced to £500 for higher rate taxpayers and additional rate taxpayers do not receive an allowance.

Other Shareholders

UK resident corporate Shareholders may be subject to corporation tax on dividends paid by the Company unless they fall within one of the exempt classes in Part 9A of CTA 2009. If, however, the Directors did elect for the "streaming" rules to apply, and such corporate Shareholders were to receive dividends designated by the Company as "interest distributions", they would be subject to corporation tax in the same way as a creditor in a loan relationship.

It is particularly important that prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

Stamp Duty and Stamp Duty Reserve Tax

The following comments are intended as a general guide to UK stamp duty and SDRT only and certain categories of person, including intermediaries, brokers, charities and persons connected with depositary receipt arrangements and clearance services may not be liable to stamp duty or SDRT or may be liable at a higher rate or may (in the case of SDRT) although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

No UK stamp duty or stamp duty reserve tax ("SDRT") will normally arise on the issue of Shares by the Company.

Transfers on sale of Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer (rounded up to the nearest £5). The purchaser normally pays the stamp duty.

An agreement to transfer Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Shares into CREST will not generally be subject to SDRT unless the transfer into CREST is itself for consideration.

ISA, SSAS and SIPP

Shares acquired by a UK resident individual Shareholder in the Offer for Subscription, the Intermediaries Offer or on the secondary market should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits. Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Junior ISAs are available to children under the age of 18 who are resident in the UK subject to the annual allowance of £9,000 for the 2021-2022 tax year.

Individuals wishing to invest in Shares through an ISA should contact their professional advisers regarding their eligibility.

The Shares should be eligible for inclusion in a SIPP or a SSAS, subject to the discretion of the trustees of the SIPP or the SSAS, as the case may be. Individuals wishing to invest in Shares through an ISA, SIPP or SSAS should contact their professional advisers regarding their eligibility.

Information reporting

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, an Inter-governmental Agreement with the U.S. in relation to FATCA and International Tax Compliance Agreements with Guernsey, Jersey, the Isle of Man and Gibraltar. The UK has also introduced legislation implementing other international exchange of information arrangements, including the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters (including EU Directive 2018/822, commonly known as DAC 6). In connection with such agreements and arrangements the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to the authorities in other jurisdictions.

Prevention of the Criminal Facilitation of Tax Evasion

Two United Kingdom corporate criminal offences for failure to prevent the facilitation of tax evasion ("**FTP offences**") were created by the Criminal Finances Act 2017. The offences came into force on 30 September 2017. The FTP offences impose criminal liability on a company or a partnership (a "relevant body") if it fails to prevent the criminal facilitation of tax evasion by a "person associated" with the relevant body. There is a defence to the charge if the relevant body can show that it had in place "reasonable prevention procedures" at the time the facilitation took place. To comply with the Criminal Finances Act 2017, the Company and/or the Investment Manager may require additional information from Shareholders or prospective investors in the Company regarding their tax affairs.

PART 9

GENERAL INFORMATION

1 THE COMPANY

- 1.1 The Company was incorporated with the name Foresight Sustainable Forestry Company Plc in England and Wales on 31 August 2021 with registered number 13594181 as a public company limited by shares under the Companies Act. The Company's LEI number is 213800W5S9JG5JFGYO91.
- 1.2 The registered office and principal place of business of the Company is C/o Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG with telephone number +44 (0)20 3667 8100.
- 1.3 The principal legislation under which the Company operates is the Companies Act. As an investment company, the Company will not be regulated as a collective investment scheme by the FCA. However, from Initial Admission, the Company and the Shareholders will be subject to the Listing Rules, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation, MAR and the rules of the London Stock Exchange.
- 1.4 Save for entry into of the material contracts summarised in paragraph 6 of this Part 9, the Company has not commenced operations since incorporation and, as at the date of this document, no financial statements have been made up and no dividends have been declared by the Company.
- 1.5 The Company's accounting period will end on 30 September of each year. The first accounting period will end on 30 September 2022. The annual report and accounts will be prepared in Sterling according to accounting standards laid out under IFRS.
- 1.6 On 22 October 2021, the Company was granted a certificate under section 761 of the Companies Act entitling it to commence business and to exercise its borrowing powers.
- 1.7 The Company is domiciled in England and Wales, does not have any employees, does not own any premises and at the date of this document has no subsidiaries.
- 1.8 The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 833 of the Companies Act.
- 1.9 The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of sections 1158 and 1159 (and regulations made thereunder) of the CTA 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the conditions and requirements that must be met for approval by HMRC as an investment trust, and which must continue to be met for each accounting period in respect of which the Company is approved as an investment trust, are that:
 - all, or substantially all, of the business of the Company is investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members the benefit of the results of the management of its funds;
 - the Company is not a close company at any time during the accounting period;
 - the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period;
 - the Company must not retain in respect of the accounting period an amount greater than the higher of: (a) 15 per cent. of its income for the period; and (b) the amount of any income which the Company is required to retain in respect of the period by virtue of a restriction imposed by law. However, where the Company has relevant accumulated losses brought forward from previous accounting periods of an amount equal to or greater than the higher of the amounts mentioned in (a) and (b) above, it may retain an amount equal to the amount of such losses; and
 - the Company notifies HMRC if it revises its published investment policy.

2 SHARE CAPITAL

2.1 On incorporation, the issued share capital of the Company was £0.01 represented by one Ordinary Share, which was subscribed for by the Investment Manager.

2.2 Set out below is the issued share capital of the Company as at the date of this document:

	Aggregate nominal value	Number
Ordinary Share	£0.01	1
Management Shares of £1.00 each	£50,000	50,000

The Ordinary Share in issue is fully paid up. To enable the Company to obtain a certificate of entitlement to conduct business and to borrow under section 761 of the Companies Act, on 12 October 2021, 50,000 Management Shares were allotted to the Investment Manager. The Management Shares are fully paid up and will be redeemed immediately following Initial Admission out of the proceeds of the Initial Issue.

2.3 Set out below is the issued share capital of the Company as it will be immediately following Initial Admission on the assumption that 200 million Ordinary Shares are issued pursuant to the Initial Issue:

	Aggregate Nominal value (£)	Number
Ordinary Shares	£2,000,000.01	200,000,001

All Ordinary Shares will be fully paid up.

2.4 By ordinary and special resolutions passed on 12 October 2021:

- (1) the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal value of £2,000,000 pursuant to the Initial Placing, the Offer for Subscription and the Intermediaries Offer, such authority to expire at the end of the period of five years from the date of passing of the resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted in pursuance of such an offer or agreement as if such authority had not expired;
- (2) the Directors were generally empowered (pursuant to sections 570 and 573 of the Companies Act) to allot Ordinary Shares and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph (1) above as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire at the end of period of five years from the date of passing of the resolution, save that the Company may, at any time prior to the expiry of such power make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired;
- (3) the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares and/or C Shares convertible into Ordinary Shares, up to an aggregate nominal amount of £10,000,000, such authority to expire (unless previously revoked, varied or renewed) at the end of the period five years from the date of the passing of the resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require Ordinary Shares and/or C Shares as the case may be to be allotted in pursuance of such an offer or agreement as if such authority had not expired;

- (4) the Directors were generally empowered (pursuant to sections 570 and 573 of the Companies Act) to allot Ordinary Shares and/or C Shares in aggregate, and to sell Ordinary Shares and/or C Shares from treasury for cash pursuant to the authority referred to in paragraph (3) above as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire (unless previously revoked, varied or renewed) at the end of the period five years from the date of the passing of the resolution, save that the Company may, at any time prior to the expiry of such power make an offer or enter into an agreement which would or might require Ordinary Shares and/or C Shares as the case may be to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired;
 - (5) the Company was authorised in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of Ordinary Shares provided that the maximum number of Ordinary Shares authorised to be purchased is 14.99 per cent. of the Ordinary Shares in issue immediately following Initial Admission. The minimum price which may be paid for an Ordinary Share is £0.01. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of, (i) 5 per cent. above the average of the mid-market quotations for the five Business Days before the purchase is made, and (ii) the higher of (a) the price of the last independent trade, and (b) the highest current independent bid for Ordinary Shares on the London Stock Exchange at the time the purchase is carried out. Such authority will expire on the earlier of the conclusion of the first annual general meeting of the Company and 31 March 2023, save that the Company may contract to purchase Ordinary Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Ordinary Shares in pursuance of such contract;
 - (6) the Company resolved that, conditional upon Initial Admission and subject to the confirmation and approval of the Court, the amount standing to the credit of the share premium account of the Company immediately following completion of the Initial Issue be cancelled, and the amount of the share premium account so cancelled be credited to a reserve;
 - (7) the Directors were authorised to declare and pay all dividends of the Company as interim dividends and for the last dividend referable to a financial year not to be categorised as a final dividend that is subject to shareholder approval; and
 - (8) the Company was authorised to call a general meeting of the Company other than an annual general meeting on not less than 14 clear days' notice.
- 2.5 The provisions of section 561(1) of the Companies Act (which, to the extent not disapplied pursuant to sections 570 and 573 of the Companies Act, confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to issues by the Company of equity securities save to the extent disapplied as mentioned in paragraphs 2.4(2) and 2.4(4) above.
- 2.6 In accordance with the authorities referred to in paragraphs 2.4(1) and 2.4(3) above, it is expected that the Ordinary Shares to be issued pursuant to the Initial Issue or any Subsequent Placing will be allotted (conditionally upon Initial Admission or the relevant Admission (as the case may be)) pursuant to a resolution of the Board to be passed shortly before Initial Admission or the relevant Admission (as the case may be) in accordance with the Companies Act.
- 2.7 No share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and, other than pursuant to the Initial Issue or the Placing Programme, no such issue is now proposed.
- 2.8 As at the date of this document, the Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally to grant any such options and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.

- 2.9 All of the Shares will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.

3 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

- 3.1 The Directors intend to subscribe for Ordinary Shares pursuant to the Initial Issue in the amounts set out below:

<i>Director</i>	Number of Ordinary Shares	% of issued ordinary share capital*
Richard Davidson	75,000	0.0375
Josephine Bush	10,000	0.0050
Christopher Sutton	25,000	0.0125

* Assuming that 200 million Ordinary Shares are admitted pursuant to Initial Admission.

Save as disclosed in this paragraph, immediately following Initial Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

- 3.2 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. Each Director will retire from office at each annual general meeting except any Director appointed by the Board after the notice of that annual general meeting has been given and before that annual general meeting has been held. The Directors' appointments can be terminated by either party in accordance with the Articles and on three months' written notice, in both cases without compensation. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.
- 3.3 Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairperson, the initial fees will be £30,000 for each Director per annum. The Chairperson's initial fee will be £45,000 per annum. The Chairperson of the Audit Committee will receive an additional £7,500 per annum. The Directors are also entitled to reasonable out-of-pocket expenses incurred in the proper performance of their duties.
- 3.4 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 3.5 Save as set out in this paragraph, none of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or that has been effected by the Company since its incorporation.
- 3.6 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.
- 3.7 Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of administrative, management or supervisory bodies and/or partnerships:

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Richard Davidson	Aberforth Smaller Companies Trust Plc Miton Global Opportunities Plc	Bridges Project
Josephine Bush	Net Zero Now Ltd JRB Consulting Ltd Blackfinch Renewable European	Ernst & Young LLP Ernst & Young Europe LLP

Name	Current	Previous
	Income Trust Plc Vulcan Energy Resources	
Sarika Patel	Aberdeen Standard Equity Income Trust Plc Action for Children London General Surgery Ltd Office for Nuclear Regulation Sequoia Economic Infrastructure Income Fund Limited	Imperial College Healthcare NHS Trust Gambling Commission Royal Institution of Great Britain
Christopher Sutton	Bel-Rus Panels Limited Timber Development UK Limited CDS Consultants Limited	Tensei Limited James Latham (Midland and Western) Limited Lathams Limited James Latham Public Limited Company LDT Westerham Limited

- 3.8 The Directors in the five years before the date of this document:
- (1) do not have any convictions in relation to fraudulent offences;
 - (2) have not been associated with any bankruptcies, receiverships, liquidations or administration of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
 - (3) do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.
- 3.9 As at the date of this document insofar as known to the Company, there are no parties known to have a notifiable interest under English law in the Company's capital or voting rights.
- 3.10 All Shareholders have the same voting rights in respect of shares of the same class in the share capital of the Company.
- 3.11 Pending the allotment of Ordinary Shares pursuant to the Initial Issue, the Company is controlled by the Investment Manager, as described in paragraphs 2.1 and 2.2 of this Part 9. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. Following Initial Admission, the Company is aware that Blackmead Infrastructure Limited intends to directly or indirectly hold 29.99 per cent. of the Company's voting rights.
- 3.12 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- 3.13 Save for the entry into of the Directors' appointment letters and the Investment Management Agreement, the Company has not entered into any related party transaction at any time during the period from incorporation to 27 October 2021 (the latest practicable date prior to the publication of this document).
- 3.14 As at the date of this document, none of the Directors has any conflict of interest or potential conflict of interest between any duties to the Company and their private interests and/or other duties.
- 3.15 The Company intends to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

4 THE ARTICLES

The Articles contain provisions, *inter alia*, to the following effect:

4.1 Objects/Purposes

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

4.2 Voting rights

4.2.1 Subject to the provisions of the Companies Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and any suspension or abrogation of voting rights pursuant to the Articles, at a general meeting of the Company every shareholder who is present in person shall, on a show of hands, have one vote, every proxy who has been appointed by a shareholder entitled to vote on the resolution shall, on a show of hands, have one vote and every shareholder present in person or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

4.2.2 Unless the Board otherwise determines, no shareholder is entitled to vote at a general meeting or at a separate meeting of shareholders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a shareholder in respect of any share held by him, unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by such shareholder to the Company have been paid.

4.3 Dividends

4.3.1 Subject to the provisions of the Companies Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to shareholders according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

4.3.2 Subject to the provisions of the Companies Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those with preferential rights.

4.3.3 All dividends, interest or other sums payable and unclaimed for a period of 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become payable shall, if the Board so resolves, be forfeited, and shall cease to remain owing by, and shall become the property of, the Company.

4.3.4 The Board may, with the authority of an ordinary resolution of the Company, or in the case of an interim dividend may without the authority of an ordinary resolution, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.

4.3.5 The Board may also, with the prior authority of an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.

4.3.6 Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 calendar days. Furthermore, such a holder shall not be entitled to elect to receive shares instead of a dividend.

4.4 **Distribution of assets on a winding-up**

If the Company is wound up, with the sanction of a special resolution and any other sanction required by law, the liquidator may divide among the Shareholders in specie the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. With the like sanction, the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he may with the like sanction determine, but no Shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

4.5 **Transfer of shares**

4.5.1 Subject to any applicable restrictions in the Articles, each Shareholder may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the transferee's name is entered in the register of shareholders.

4.5.2 The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:

4.5.2.1 it is in respect of a share which is fully paid up;

4.5.2.2 it is in respect of only one class of shares;

4.5.2.3 it is in favour of a single transferee or not more than four joint transferees;

4.5.2.4 it is duly stamped (if so required); and

4.5.2.5 it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied (except in the case of (a) a transfer by a recognised person where a certificate has not been issued (b) a transfer of an uncertificated share or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share in certificated form on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading.

The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the regulations and the relevant system provided that such refusal does not prevent dealings in shares from taking place on an open and proper basis.

4.5.3 Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within the prescribed period from the service of the

notice and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the shareholder is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a *bona fide* sale to an unconnected party.

- 4.5.4 If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company or, in the case of an uncertificated share, the date on which appropriate instructions were received by or on behalf of the Company in accordance with the facilities and requirements of the relevant system.
- 4.5.5 No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.
- 4.5.6 If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under section 3(42) of ERISA or the U.S. Tax Code; or (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to register or qualify under the U.S. Investment Company Act, and/or U.S. Investment Advisers Act of 1940, as amended and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act 1934, as amended and/or any laws of any state of the U.S. or other jurisdiction that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the U.S. Securities Exchange Act 1934, as amended; or (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the U.S. Tax Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act 1956, as amended or regulations or interpretations thereunder; or (vi) would cause the Company adverse consequences under FATCA or any similar legislation in any territory or jurisdiction (including the International Tax Compliance Regulation 2015), including the Company becoming subject to any withholding tax or reporting obligation or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the Shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise any tax or penalty otherwise imposed by FATCA and/or any similar legislation or to comply with any diligence and/or reporting obligations thereunder) then any shares which the Directors decide are shares which are so held or beneficially owned ("**Prohibited Shares**") must be dealt with in accordance with paragraph 4.5.7 below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether the share is a Prohibited Share.
- 4.5.7 The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 calendar days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the Chairperson of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 21 calendar days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company's costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).

4.5.8 Upon transfer of a share the transferee of such share shall be deemed to have represented and warranted to the Company that such transferee is acquiring shares in an offshore transaction meeting the requirements of Regulation S and is not, nor is acting on behalf of: (i) a benefit plan investor and no portion of the assets used by such transferee to acquire or hold an interest in such share constitutes or will be treated as “plan assets” of any benefit plan investor under section 3(42) of ERISA; and/or (ii) a U.S. Person.

4.6 **Variation of rights**

4.6.1 Subject to the provisions of the Companies Act, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class.

4.6.2 The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

4.7 **Alteration of share capital**

The Company may by ordinary resolution:

4.7.1 authorise the Directors to increase its share capital by allotting new shares;

4.7.2 consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;

4.7.3 subject to the provisions of the Companies Act, sub-divide its shares, or any of them, into shares of smaller nominal value than its existing shares, and may by such resolution determine that, as between the shares resulting from such a sub-division, one or more shares may, as compared with the others, have any such preferred, deferred or other rights or be subject to any such restrictions, as the Company has power to attach to new shares; and

4.7.4 redenominate its share capital by converting shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency.

4.8 **General meetings**

4.8.1 The Board may convene a general meeting (which is not an annual general meeting) whenever and at such time and place, including partly (but not wholly) by means of electronic facility or facilities, as it thinks fit.

4.8.2 The Board may enable persons entitled to attend a general meeting to do so by simultaneous attendance at a satellite meeting place or places and/or by electronic means. The right of a member to participate in the business of any general meeting shall include the right to speak, vote on a poll, be represented by a proxy and have access (including by electronic means) to all documents which are to be made available. The members or proxies so present shall count in the quorum for the general meeting in question.

4.8.3 A general meeting shall be convened by such notice as may be required by law from time-to-time.

4.8.4 The notice of any general meeting shall include such statements as are required by the Companies Act and shall in any event specify:

4.8.4.1 whether the meeting is convened as an annual general meeting or any other general meeting;

- 4.8.4.2 the place (including any satellite meeting place(s)), date and the time of the meeting;
 - 4.8.4.3 if the meeting is to be held partly by means of electronic facility or facilities, a statement to that effect and details of such electronic facility or facilities and any associated access, identification and security arrangements;
 - 4.8.4.4 the general nature of the business to be transacted at the meeting;
 - 4.8.4.5 if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such;
 - 4.8.4.6 with reasonable prominence, that a shareholder entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the shareholder) more proxies to attend and to speak and vote instead of the shareholder and that a proxy need not also be a shareholder; and
 - 4.8.4.7 the address of the website on which the information required by the Companies Act is published.
- 4.8.5 The notice must be given to the shareholders (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any general meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of notice by, any person entitled to receive the same, shall not invalidate the proceedings at the meeting.
- 4.8.6 The right of a shareholder to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Act or the Articles to be made available at the meeting.
- 4.8.7 A Director shall, notwithstanding that he is not a shareholder, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairperson of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- 4.8.8 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a shareholder so entitled or a proxy for a shareholder so entitled or a duly authorised representative of a corporation which is a shareholder so entitled, shall be a quorum. If, at any time, there is only one person entitled to attend and to vote on the business to be transacted, such person being the sole shareholder so entitled or a proxy for such sole shareholder so entitled or a duly authorised representative of a corporation which is such sole shareholder so entitled, shall be a quorum.
- 4.8.9 The Chairperson of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place (or places) and/or electronic facility or facilities as determined by the Chairperson (or, in default, the Board). Whenever a meeting is adjourned for 30 calendar days or more or indefinitely, seven clear days' notice at the least, specifying the place or places, the date and time of the adjourned meeting, the means of attendance and participation and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.
- 4.8.10 A resolution put to a vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the Companies Act, a poll may be demanded by:
- 4.8.10.1 the Chairperson;
 - 4.8.10.2 at least five shareholders having the right to vote on the resolution;

- 4.8.10.3 a shareholder or shareholders representing not less than 10 per cent. of the total voting rights of all the shareholders having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or
- 4.8.10.4 a shareholder or shareholders holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).
- 4.8.11 Resolutions put to shareholders at general meetings held partly by means of electronic facility or facilities shall be voted on by a poll. Poll votes may be cast by such electronic means as the Board deems appropriate.

4.9 Borrowing powers

Subject to the provisions of the Companies Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

4.10 Issue of shares

Subject to the provisions of the Companies Act and to any rights for the time being attached to any shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine, and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.

4.11 Powers of the Board

The business of the Company shall be managed by the Directors who, subject to the provisions of the Articles and the Companies Act and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company, whether relating to the management of the business or not. Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

4.12 Directors' fees

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £300,000 per annum or such other sum as the Company in general meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day to day.

The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

4.13 Directors' interests

- 4.13.1 The Board may authorise any matter proposed to it in accordance with the Articles which would otherwise involve a breach by a Director of his duty to avoid conflicts of interest under the Companies Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company or the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it (excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any

authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.

- 4.13.2 Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director and in respect of which he has a duty of confidentiality to another person and will not be in breach of the general duties he owes to the Company under the Companies Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict of interest, is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.
- 4.13.3 Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Companies Act, a Director, notwithstanding his office:
- 4.13.3.1 may be a party to or otherwise be interested in any transaction arrangement or proposal with the Company or in which the Company is otherwise interested;
- 4.13.3.2 may hold any other office or place of profit at the Company (except that of auditor of the Company or any of its subsidiaries) and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
- 4.13.3.3 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has powers of appointment; and
- 4.13.3.4 shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction, arrangement or proposal, or from any interest in any body corporate. No such transaction, arrangement or proposal shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.
- 4.13.4 A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Directors.
- 4.13.5 The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit and a Director may vote on and be counted in the quorum in relation to any of these matters.

4.14 Restrictions on Directors voting

- 4.14.1 A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote will not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:
- 4.14.1.1 any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;

- 4.14.1.2 the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
 - 4.14.1.3 the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - 4.14.1.4 the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
 - 4.14.1.5 any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - 4.14.1.6 any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Companies Act) in 1 per cent. or more of the issued equity share capital of any class of such body corporate nor to his knowledge holds 1 per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure Guidance and Transparency Rules) in such body corporate;
 - 4.14.1.7 any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
 - 4.14.1.8 any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;
 - 4.14.1.9 any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure; or
 - 4.14.1.10 any transaction or arrangement in respect of which his interest, or the interest of Directors generally, has been authorised by ordinary resolution.
- 4.14.2 A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

4.15 Number of Directors

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors shall be not less than two and the number is not subject to a maximum.

4.16 Directors' appointment and retirement

- 4.16.1 Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next annual general meeting, except as provided in paragraph 4.16.2 below.
- 4.16.2 At each annual general meeting all of the Directors will retire from office except any Director appointed by the Board after the notice of that annual general meeting has been given and before that annual general meeting has been held.

4.17 Notice requiring disclosure of interest in shares

- 4.17.1 The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is, interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been

interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.

4.17.2 If any shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 calendar days after service of the notice), then, unless the Board otherwise determines, in respect of the shares in respect of which the default has occurred (the "**default shares**") the shareholder shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. in nominal value of the class of shares concerned (excluding treasury shares), the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

4.18 **Untraced shareholders**

Subject to the Articles, the Company may sell any shares registered in the name of a shareholder remaining untraced for 12 years who fails to communicate with the Company following notice from the Company to such shareholder at his address on the register or other last known address of the Company's intention to sell such shares, provided that the Company has first used reasonable efforts to trace them. Until the Company can account to the shareholder, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

4.19 **Indemnity of officers**

Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which he might otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in section 235(6) Companies Act). In addition, the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

4.20 **Management Shares**

The Management Shares can be redeemed at any time (subject to the provisions of the Companies Act) by the Company and carry the right to receive a fixed annual dividend equal to 0.01 per cent. of the nominal amount of each of the Management Shares payable in respect of each accounting reference period of the Company within 21 calendar days of the end of the such period. For so long as there are shares of any other class in issue, the holders of the Management Shares will not have any right to receive notice of or vote at any general meeting of the Company. If there are no shares of any other class in issue, the holders of the Management Shares will have the right to receive notice of, and to vote at, general meetings of the Company. In such circumstances, each holder of a Management Share who is present in person (or, being a corporation, by representative) or by proxy at a

general meeting will have on a show of hands one vote and on a poll every such holder who is present in person (or being a corporation, by representative) or by proxy will have one vote in respect of each Management Share held by him.

4.21 C Shares and Deferred Shares

4.21.1 The following definitions apply for the purposes of this paragraph 4.21 only:

“Calculation Date” means, in relation to any tranche of C Shares, the earliest of the:

- (i) the close of business on the date on which the Board becomes aware or is notified by the Investment Manager that at least 80 per cent. of the net issue proceeds attributable to that class of C Share (or such other percentage as the Directors and the Investment Manager shall agree) shall have been deployed in accordance with the Company’s investment objective and investment policy;
- (ii) the close of business on the date falling 12 calendar months after the allotment of that tranche of C Shares or if such date is not a Business Day, the next following Business Day;
- (iii) the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of Conversion of that tranche of C Shares; or
- (iv) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are in contemplation in relation to any tranche of C Shares;

“Conversion” means conversion of any tranche of C Shares into Ordinary Shares and Deferred Shares in accordance with paragraph 4.21.8 below;

“Conversion Date” means, in relation to any tranche of C Shares, the close of business on such Business Day as may be selected by the Directors falling not more than 60 Business Days after the Calculation Date of such tranche of C Shares;

“Conversion Ratio” is the ratio of the Net Asset Value per C Share of the relevant tranche to the Net Asset Value per Ordinary Share, which is calculated as:

$$\text{Conversion Ratio} = \frac{A}{B}$$

$$A = \frac{C-D}{E}$$

$$B = \frac{F-G}{H}$$

where:

“C” is the aggregate of:

- (i) the value of the investments of the Company attributable to the C Shares of the relevant tranche (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are in each case to be valued in accordance with (ii) below) which are listed, quoted, dealt in or traded on a stock exchange calculated by reference to the bid price at close of business of, or, if appropriate, the daily average of the prices marked for, those investments on the relevant Calculation Date on the principal stock exchange or market where the relevant investment is listed, quoted, dealt in or traded, as derived from the relevant exchange’s or market’s recognised method of publication of prices for such investments where such published prices are available;
- (ii) the value of all other investments of the Company attributable to the C Shares of the relevant tranche (other than investments included in (i) above) calculated by reference to the Directors’ belief as to an appropriate current value for those

investments on the relevant Calculation Date calculated in accordance with the valuation policy adopted by the Company from time to time after taking into account any other price publication services reasonably available to the Directors; and

- (iii) the amount which, in the Directors' opinion, fairly reflects, on the relevant Calculation Date, the value of the current assets of the Company attributable to the C Shares of the relevant tranche (excluding the investments valued under (i) and (ii) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature calculated in accordance with the valuation policy adopted by the Company from time to time);

"D" is the amount (to the extent not otherwise deducted from the assets attributable to the C Shares of the relevant tranche) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the C Shares of the relevant tranche on the relevant Calculation Date (including the amount of any declared but unpaid dividends in respect of such C Shares);

"E" is the number of C Shares of the relevant tranche in issue on the relevant Calculation Date;

"F" is the aggregate of:

- (i) the value of all the investments of the Company attributable to the Ordinary Shares (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are in each case to be valued in accordance with (ii) below) which are listed, quoted, dealt in or traded on a stock exchange calculated by reference to the bid price at close of business of, or, if appropriate, the daily average of the prices marked for, those investments on the relevant Calculation Date on the principal stock exchange or market where the relevant investment is listed, quoted, dealt in or traded as derived from the relevant exchange's or market's recognised method of publication of prices for such investments where such published prices are available;
- (ii) the value of all other investments of the Company attributable to the Ordinary Shares (other than investments included in (i) above) calculated by reference to the Directors' belief as to an appropriate current value for those investments on the relevant Calculation Date calculated in accordance with the valuation policy adopted by the Company from time to time after taking into account any other price publication services reasonably available to the Directors; and
- (iii) the amount which, in the Directors' opinion, fairly reflects, on the relevant Calculation Date, the value of the current assets of the Company attributable to the Ordinary Shares (excluding the investments valued under (i) and (ii) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature calculated in accordance with the valuation policy adopted by the Company from time to time);

"G" is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the Ordinary Shares on the relevant Calculation Date (including the amount of any declared but unpaid dividends in respect of such Ordinary Shares); and

"H" is the number of Ordinary Shares in issue on the relevant Calculation Date (excluding any Ordinary Shares held in treasury),

provided that the Directors shall make such adjustments to the value or amount of A and B as the Directors believe to be appropriate having regard, among other things, to the assets of the Company immediately prior to the date on which the Company first receives the net proceeds of an issue of C Shares of the relevant tranche and/or to the reasons for the issue of the C Shares of the relevant tranche and the Directors shall determine which investments or proportion thereof shall be attributable to a tranche of C Shares and the Ordinary Shares;

"Deferred Shares" means deferred shares of £0.01 each in the capital of the Company arising on Conversion;

“Existing Shares” means the Ordinary Shares in issue immediately prior to Conversion;

“Force Majeure Circumstances” means, in relation to any tranche of C Shares (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of the relevant tranche with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are, proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest.

References to **“Shareholders”**, **“C shareholders”** and **“deferred shareholders”** should be construed as references to holders for the time being of Ordinary Shares, C Shares of the relevant tranche and Deferred Shares, respectively.

4.21.2 The holders of the Ordinary Shares, the Management Shares, any tranche of C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights to be paid dividends:

4.21.2.1 the Deferred Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a cumulative annual dividend at a fixed rate of 1 per cent. of the nominal amount thereof, the first such dividend (adjusted *pro rata temporis*) (the **“Deferred Dividend”**) being payable on the date six months after the Conversion Date on which such Deferred Shares were created in accordance with paragraph 4.21.8 (the **“Relevant Conversion Date”**) and thereafter on each anniversary of such date payable to the holders thereof on the register of shareholders on that date as holders of Deferred Shares but shall confer no other right, save as provided in the Articles, on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Relevant Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of shareholders of the Company as holders of Deferred Shares on that date. It should be noted that given the proposed redemption of the Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such shares;

4.21.2.2 the holders of any tranche of C Shares shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of the assets attributable to the C Shares of that tranche and from profits available for distribution which are attributable to the C Shares of that tranche;

4.21.2.3 a holder of Management Shares shall be entitled (in priority to any payment of dividend on any other class of share) to a fixed cumulative preferential dividend 0.01 per cent. per annum on the nominal amount of the Management Shares held by him, such dividend to accrue annually and to be payable in respect of each accounting reference period of the Company within 21 calendar days of the end of such period;

4.21.2.4 the Existing Shares shall confer the right to dividends declared in accordance with the Articles; and

4.21.2.5 the Ordinary Shares into which any tranche of C Shares shall convert shall rank *pari passu* with the Existing Shares for dividends and other distributions made or declared by reference to a record date falling after the relevant Calculation Date.

4.21.3 The holders of the Ordinary Shares, the Management Shares any tranche of C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights as to capital:

4.21.3.1 the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase or redemption by the Company of any of its shares) at a time when no C Shares of any tranche are for the time being in issue be applied as follows:

- 4.21.3.1.1 first, if there are Deferred Shares in issue, in paying to the deferred shareholders one penny (£0.01) in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders;
 - 4.21.3.1.2 secondly, in paying to the holders of the Management Shares in respect of each such share the amount paid up or treated as paid up thereon; and
 - 4.21.3.1.3 thirdly, the surplus shall be divided amongst the Shareholders *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.
- 4.21.3.2 the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase or redemption by the Company of any of its shares) at a time when one or more tranches of C Shares are for the time being in issue and prior to the Conversion Date be applied amongst the holders of the Existing Shares *pro rata* according to the nominal capital paid up on their holdings of Existing Shares, after having deducted therefrom:
- 4.21.3.2.1 first, an amount equivalent to (C-D) for each tranche of C Shares in issue using the methods of calculation of C and D given in the definition of Conversion Ratio, which amount(s) shall be applied amongst the C shareholders of the relevant tranche(s) *pro rata* according to the nominal capital paid up on their holdings of C Shares of the relevant tranche;
 - 4.21.3.2.2 secondly, if there are Deferred Shares in issue, in paying to the holders of Deferred Shares one penny (£0.01) in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders; and
 - 4.21.3.2.3 thirdly, in paying to the holders of the Management Shares in respect of each such share the amount paid up or treated as paid up thereon.

For the purposes of this paragraph 4.21.3.2 the Calculation Date shall be such date as the liquidator may determine.

4.21.4 As regards voting:

- 4.21.4.1 the C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as those applying to holders of Existing Shares as set out in the Articles as if the C Shares and Existing Shares were a single class; and
- 4.21.4.2 the Deferred Shares and, save as provided in paragraph 4.20 of this Part 9, the Management Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.

4.21.5 The following shall apply to the Deferred Shares:

- 4.21.5.1 the C Shares shall be issued on such terms that the Deferred Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be redeemed by the Company in accordance with the terms set out herein;
- 4.21.5.2 immediately upon Conversion of any tranche of C Shares, the Company shall redeem all of the Deferred Shares which arise as a result of Conversion of that tranche for an aggregate consideration of one penny (£0.01) for all of the Deferred Shares so redeemed and the notice referred to in paragraph 4.21.8.2 below shall be deemed to constitute notice to each C shareholder of the relevant tranche (and any person or persons having rights to acquire or acquiring C Shares of the relevant tranche on or after the Calculation Date) that the Deferred Shares shall be so redeemed; and
- 4.21.5.3 the Company shall not be obliged to: (i) issue share certificates to the deferred shareholders in respect of the Deferred Shares; or (ii) account to any deferred shareholder for the redemption moneys in respect of such Deferred Shares.

4.21.6 Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Shares as a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Articles:

4.21.6.1 no alteration shall be made to the Articles;

4.21.6.2 no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and

4.21.6.3 no resolution of the Company shall be passed to wind up the Company.

For the avoidance of doubt, but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Shares and C Shares, as described above, shall not be required in respect of:

4.21.6.4 the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Shares by the issue of such further Ordinary Shares); or

4.21.6.5 the sale of any shares held as treasury shares (as such term is defined in section 724 of the Companies Act) in accordance with sections 727 and 731 of the Companies Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

4.21.7 For so long as any tranche of C Shares are for the time being in issue, until Conversion of such tranche of C Shares and without prejudice to its obligations under applicable laws the Company shall:

4.21.7.1 procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares of that tranche can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares of that tranche;

4.21.7.2 allocate to the assets attributable to the C Shares of that tranche such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the net proceeds of an issue of C Shares and the Calculation Date relating to such tranche of C Shares (both dates inclusive) as the Directors fairly consider to be attributable to that tranche of C Shares; and

4.21.7.3 give appropriate instructions to the Investment Manager to manage the Group's assets so that such undertakings can be complied with by the Company.

4.21.8 In relation to any tranche of C Shares, the C Shares for the time being in issue of that tranche shall be sub-divided and converted into Ordinary Shares and Deferred Shares on the relevant Conversion Date in accordance with the following provisions of this paragraph 4.21.8:

4.21.8.1 the Directors shall procure that within 40 Business Days of the relevant Calculation Date:

4.21.8.1.1 the Conversion Ratio as at the relevant Calculation Date and the numbers of Ordinary Shares and Deferred Shares to which each C shareholder of that tranche shall be entitled on Conversion of that tranche shall be calculated; and

4.21.8.1.2 the Auditors shall confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the

Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after the definition of H in paragraph 4.21.1 above;

- 4.21.8.2 the Directors shall procure that, as soon as practicable following such confirmation and in any event within 50 Business Days of the relevant Calculation Date, a notice is sent to each C shareholder of the relevant tranche advising such shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such C shareholder of the relevant tranche will be entitled on Conversion;
- 4.21.8.3 on conversion, each C Share of the relevant tranche shall automatically subdivide into 10 conversion shares of £0.01 each and such conversion shares of £0.01 each shall automatically convert into such number of Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:
- 4.21.8.3.1 the aggregate number of Ordinary Shares into which the same number of conversion shares of one penny (£0.01) each are converted equals the number of C Shares of the relevant tranche in issue on the relevant Calculation Date multiplied by the relevant Conversion Ratio (rounded down to the nearest whole new Ordinary Share); and
- 4.21.8.3.2 each conversion share of one penny (£0.01) which does not so convert into an Ordinary Share shall convert into one Deferred Share;
- 4.21.8.4 the Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former C shareholders of the relevant tranche *pro rata* according to their respective former holdings of C Shares of the relevant tranche (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company);
- 4.21.8.5 forthwith upon Conversion, the share certificates relating to the C Shares of the relevant tranche shall be cancelled and the Company shall issue to each former C shareholder of the relevant tranche new certificates in respect of the Ordinary Shares which have arisen upon Conversion to which he is entitled. Share certificates in respect of the Deferred Shares will not be issued; and
- 4.21.8.6 the Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

5 TAKEOVER CODE

5.1 Mandatory bid

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

5.2 **Compulsory acquisition**

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises its rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

6 **MATERIAL CONTRACTS**

The following are all of the contracts, not being contracts entered into in the ordinary course of business that have been entered into by the Company since incorporation and are, or may be, material or contain any provision under which the Company has any obligation or entitlement which is or may be material to it as at the date of this document:

6.1 **Placing and Offer Agreement**

The Placing and Offer Agreement dated 28 October 2021 between the Company, the Directors, Jefferies and Jefferies GmbH, pursuant to which, subject to certain conditions, Jefferies has agreed to act as the sponsor, global coordinator and sole book runner to the Company in connection with the Initial Issue and the Placing Programme, and has agreed to use its reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the Initial Placing at the Issue Price and to use reasonable endeavours to procure subscribers under the Placing Programme for Shares at the Placing Programme Price.

The Placing and Offer Agreement provides for Jefferies to be paid commissions by the Company in respect of the Shares to be allotted pursuant to the Initial Placing, the Offer for Subscription, the Intermediaries Offer and the Placing Programme. Any Shares subscribed for by Jefferies may be retained or dealt in by it for its own benefit.

Under the Placing and Offer Agreement, Jefferies is entitled at its discretion and out of its own resources at any time to rebate to any third party (including to the Investment Manager in relation to any Placees introduced by it) part or all of its fees relating to the Initial Placing and/or any Subsequent Placing and to retain agents and may pay commission in respect of the Initial Placing or any Subsequent Placing to any or all of those agents out of its own resources.

The Placing and Offer Agreement may be terminated by Jefferies in certain customary circumstances.

The obligation of the Company to issue the Ordinary Shares and the obligation of Jefferies to use its reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the Initial Placing is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Initial Admission having become effective on or before 8.00 a.m. on 24 November 2021 (or such later time and/or date as the Company, the Investment Manager and Jefferies may agree (not being later than 8.00 a.m.

on 10 December 2021)); (ii) the Placing and Offer Agreement becoming wholly unconditional (save as to Initial Admission) and not having been terminated in accordance with its terms at any time prior to Initial Admission; and (iii) the Minimum Gross Proceeds being raised (or such lesser amount as the Company, the Investment Manager and Jefferies may agree).

Each issue of Shares pursuant to a Subsequent Placing under the Placing Programme will be conditional, *inter alia*, on: (i) Admission of the relevant Shares occurring by no later than 8.00 a.m. on such date as the Company, the Investment Manager and Jefferies may agree from time to time in relation to that Admission, not being later than 27 October 2022; (ii) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation Rules; (iii) the Placing Programme Price being determined by the Directors as described in Part 7 of this document; and (iv) the Placing and Offer Agreement becoming wholly unconditional as regards the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

The Company, the Directors and the Investment Manager have given warranties to Jefferies concerning, *inter alia*, the accuracy of the information contained in this document. The Company and the Investment Manager have also given indemnities to Jefferies. The warranties and indemnities are standard for an agreement of this nature.

The Placing and Offer Agreement is governed by the laws of England and Wales.

6.2 Investment Management Agreement

The Investment Management Agreement dated 28 October 2021 between the Company and the Investment Manager, pursuant to which the Investment Manager is appointed to act as the Company's AIFM for the purposes of the UK AIFM Regime, and accordingly the Investment Manager is responsible for providing portfolio management and risk management services to the Company, subject to the overall control and supervision of the Directors. The Investment Manager, in its capacity as the Company's AIFM, will also make the relevant notifications for the marketing of the Ordinary Shares in the United Kingdom and elsewhere (if required).

The Investment Manager has also been appointed by the Company under the terms of the Management Agreement to provide day-to-day administration services to the Company and provide the general company secretarial functions required by the Companies Act.

In this role, the Investment Manager provides certain administrative services to the Company which includes reporting the Net Asset Value, bookkeeping and accounts preparation.

The fees payable by the Company to the Investment Manager for the provision of its services under the Investment Management Agreement are set out in paragraph 2.5 of Part 5 of this document.

The Investment Management Agreement may be terminated by either the Company or the Investment Manager on not less than 12 months' notice to the other party, such notice not to be served before the fifth anniversary of the date of Initial Admission.

The Investment Management Agreement may be terminated by the Company with immediate effect from the time at which notice of termination is given or, if later, the time at which such notice is expressed to take effect if:

- (i) the Investment Manager ceases to maintain its permission from the FCA to act as the AIFM to the Company or such permission is suspended;
- (ii) the scope of the Investment Manager's permission from the FCA to act as the AIFM of the Company is restricted to the extent that, in the opinion of the Company, acting reasonably, it prevents the Investment Manager from performing its obligations under the Investment Management Agreement (save where the scope is restricted by reason of the Company requesting that the Investment Manager treat the Company as a Retail Client);

- (iii) the Investment Manager breaches any provision of the Investment Management Agreement and such breach results in the Company losing its status as, or becoming ineligible for approval as, an investment trust pursuant to section 1158 of the Corporation Tax Act 2010;
- (iv) the Company is required by any relevant regulatory authority to terminate the Investment Manager's appointment;
- (v) the Investment Manager fails to notify the Company of an investigation by any regulator;
- (vi) the Investment Manager shall carry on any business in circumstances which cause the Company to become liable to pay any taxes which it would not otherwise be liable to pay; or
- (vii) a Key Person Event occurs and an appropriate replacement(s) for the relevant Key Person(s) have not been nominated by the Investment Manager and approved by the Board (such approval not to be unreasonably withheld) within 6 months of the date on which the Key Person Event occurs.

In the event that a Key Person Event occurs, the Board may, at its discretion, direct the Investment Manager to not make any new investments until an appropriate replacement for the relevant Key Person(s) has been substituted by the Investment Manager and approved by the Board (such approval not to be unreasonably withheld), provided that nothing shall prevent the Investment Manager from making payments to discharge obligations in respect of existing investments or proposed investments where the Company is subject to a binding investment commitment.

The Investment Management Agreement may be terminated by the Investment Manager:

- (i) with immediate effect if the Company, (a) takes such action or resolves to take such action; or (b) fails to take such action or fails to resolve to take such action, as is recommended in writing by the Investment Manager, and in either case, the result of such action or inaction would cause the Investment Manager to be in breach of, or become unable otherwise to comply with its obligations under the applicable law or regulation;
- (ii) with immediate effect if a shareholder resolution which would make changes to the Company's investment objective and/or investment policy such that the Investment Manager, in its reasonable opinion, can no longer carry out its duties and responsibilities under the Investment Management Agreement to the standard expected of a professional investment manager of equivalent standing to the Investment Manager managing in good faith an investment company of comparable size and complexity to the Company and having a materially similar investment objective and investment policy, is passed by the Company's shareholders and adopted by the Board;
- (iii) if, in the Investment Manager's opinion, acting reasonably, a proposed change to the Company's investment objective and/or investment policy is of such significance that the Investment Manager would no longer be able to act with such skill and care as would be reasonably expected of a professional investment manager of equivalent standing to the Investment Manager managing in good faith an investment company of comparable size and complexity to the Company and having a materially similar investment objective and investment policy. In such circumstances, the Investment Manager may terminate the Investment Management Agreement on the earlier of (i) the date on which the appointment of a replacement AIFM becomes effective or (ii) the Business Day prior to the date on which the proposed changes to the Company's investment objective and/or investment policy are intended to take effect;
- (iv) the Company requests the Investment Manager treat it as a Retail Client.

Either the Company or the Investment Manager may terminate the Investment Management Agreement immediately without penalty by notice in writing if:

- (i) an order is made or an effective resolution is passed for winding up the other party otherwise than for the purpose of its amalgamation or reconstruction upon terms previously consented to in writing, such consent not to be unreasonably withheld or delayed; or
- (ii) the other party shall be insolvent or stop or threaten to stop carrying on business or payment of its debts or make any arrangement with its creditors generally; or
- (iii) a receiver or administrator is appointed over any of the assets of the other party; or
- (iv) the other party is found liable for material breach of duty, negligence, wilful default, fraud or a material breach of applicable law or regulation in connection with the performance of its duties under the Investment Management Agreement or a material or persistent breach of the Investment Management Agreement, which is either irremediable or not remedied within 30 days of receipt by the defaulting party of a notice signed on behalf of the non-defaulting party requiring such breach to be rectified.

The Company or the Investment Manager shall be entitled to terminate the provision of the administration services only upon giving to the other party not less than twelve (12) months' prior written notice of termination. Where the administration services are terminated by either the Company or the Investment Manager, such termination shall not affect the continuation or terms of this Investment Management Agreement as they apply to the provision of the portfolio management services and risk management services by the Investment Manager to the Company.

The Company has given an indemnity in favour of the Investment Manager (subject to customary exceptions) in respect of the Investment Manager's potential losses in carrying on its responsibilities under the Investment Management Agreement.

The Investment Management Agreement is governed by the laws of England and Wales.

6.3 Option Agreement

The Option Agreement dated 28 October 2021 between the Company and Blackmead Infrastructure Limited, pursuant to the terms of which, Blackmead Infrastructure Limited has granted the Company an option to acquire the shares held by it in BFL I and BFL II (the holding companies holding the Target Seed Forestry Assets).

In the event that the Option Agreement is exercised by the Company following Initial Admission, the total enterprise value payable by the Company for the shares in BFL I would be £120,002,027 (plus applicable working capital in the company), on a cash free/debt free basis, less (a) amounts required to repay shareholder loans from Blackmead Infrastructure Limited, and (b) any locked box leakage amounts. The equity value of BFL I is derived from locked box accounts of BFL I dated 30 September 2021 and there is no post-completion purchase price adjustment mechanism.

In the event that the Option Agreement is exercised by the Company following Initial Admission, the total enterprise value payable by the Company for the shares in BFL II would be £19,997,973 (plus applicable working capital in the company), on a cash free debt free basis (assuming that no additional Forestry Assets over and above the Target Seed Forestry Assets are acquired by BFL II), less (a) amounts required to repay shareholder loans from Blackmead Infrastructure Limited, and (b) any locked box leakage amounts. The equity value of BFL II is derived from locked box accounts of BFL II dated 30 September 2021 and there is no post-completion purchase price adjustment mechanism.

In the event that the acquisition of the shares in BFL II has not exchanged by the date being 6 months from the date of the Option Agreement, a new valuation of the assets held by BFL II will be undertaken and the purchase price will be adjusted (either up or down) accordingly based on such revised valuation.

For any subsequent asset acquisitions by either BFL I or BFL II prior to legal completion of the Company's acquisition of the relevant shares, the Company reserves the right to enter into good faith discussions with Blackmead Infrastructure Limited about making an appropriate price adjustment.

In the case of each of BFL I and BFL II, where any forest compartments that are currently being harvested on the date of the Option Agreement, any subsequent timber felling income derived remains for the benefit of Blackmead Infrastructure Limited (as seller), for a period of up to 4 months post the legal completion of the Company's acquisition of the shares in either BFL I or BFL II (as the case may be).

Any share purchase agreement will contain customary title and capacity warranties, together with customary business warranties and a tax indemnity relating BFL I or BFL II (as the case may be).

In any case, Blackmead Infrastructure Limited's liability in respect of the business warranties and the tax indemnity will be capped at £1.00, save in the event of its fraud or fraudulent misrepresentation. The Company will obtain a warranty and indemnity insurance policy under which, subject to certain exemptions and claims limitation periods, it will be entitled to recover losses arising from a breach of any warranty and/or the tax indemnity. The costs of such policy will be borne on a 50/50 basis by the Company and Blackmead Infrastructure Limited.

The option may be exercised at the discretion of the Company and is subject to completion of due diligence, the agreement of satisfactory share purchase agreements and Shareholder approval. If completion of an acquisition has not occurred by 31 December 2022 (the "**Lapse Date**"), the Option Agreement shall lapse and be of no further effect.

Until the Lapse Date, Blackmead Infrastructure Limited shall continue to operate the businesses of BFL I and BFL II in the ordinary course and shall procure that the companies shall not dispose of any interest in a Forestry Asset (or agree to do so) without the prior written consent of the Company.

The Option Agreement is governed by the laws of England and Wales.

6.4 **Depository Agreement**

The Depository Agreement dated 28 October 2021 entered into between the Depository, the Investment Manager and the Company, pursuant to which, the Depository acts as the sole depository of the Company and is responsible for:

- (a) ensuring the Company's cash flows are properly monitored;
- (b) the safe keeping of Scheme Property (as defined therein) entrusted to it (which it shall hold on trust for the Company) by the Company and/or the Investment Manager acting on behalf of the Company; and
- (c) the oversight and supervision of the Investment Manager and the Company.

The duties and obligations of the Depository under the Depository Agreement are construed in accordance with all laws, rules and regulations applicable from time to time, including, the UK AIFM Regime, FSMA and the FCA Handbook (the "**Applicable Provisions**"). Under the Depository Agreement, the Investment Manager and the Company are responsible for providing the Depository with information required by the Depository to carry out its duties. Subject to the Applicable Provisions, the Company indemnifies the Depository, its officers, agents and employees (each an "**Indemnified Person**") against any liability or loss suffered or incurred by an Indemnified Person as a result or in connection with the proper provision of services under the agreement except as a result of fraud, wilful default or negligence on the part of the Indemnified Person.

Pursuant to the Depository Agreement, the Depository warrants (amongst other things) that it is and will remain an approved depository.

In consideration of its services, the Depository is entitled to be paid a depository fee of £45,000 per annum (exclusive of VAT).

The Depository Agreement is governed by the laws of England and Wales.

6.5 **Registrar Agreement**

The Registrar Agreement dated 28 October 2021 between the Company and the Registrar pursuant to which the Registrar has agreed to act as registrar to the Company.

Under the Registrar Agreement, the Registrar is entitled to a fee calculated based on the number of Shareholders and the number of transfers processed (exclusive of any VAT). In addition, the Registrar is entitled to certain other fees for ad hoc services rendered from time to time. The Registrar is also entitled to reimbursement of all out of pocket costs, expenses and charges properly incurred on behalf of the Company.

The Registrar Agreement is for an initial period of three year from the date of Initial Admission and is thereafter terminable by either party on not less than six months written notice, such notice not to expire before the third anniversary of Initial Admission.

The Company has given certain market standard indemnities in favour of the Registrar and its affiliates and their directors, officers, employees and agents in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement. The Registrar's liabilities under the Registrar Agreement are subject to a cap.

The Registrar Agreement is governed by the laws of England and Wales.

6.6 Receiving Agent Agreement

The Receiving Agent Agreement dated 28 October 2021 between the Company and the Receiving Agent pursuant to which the Receiving Agent has agreed to act as receiving agent in connection with the Offer for Subscription.

Under the terms of the agreement, the Receiving Agent is entitled to a fee from the Company of £8,000 (exclusive of VAT) for set up and project management, activity in connection with the Placing and disbursements relating to the Offer for Subscription plus a per application processing fee in connection with the Offer for Subscription and Intermediaries Offer. The Receiving Agent will also be entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties.

The Company has given certain market standard indemnities in favour of the Receiving Agent and its affiliates and their directors, officers, employees and agents in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the Receiving Agent Agreement. The Receiving Agent's liabilities under the Receiving Agent are subject to a cap.

The agreement is governed by the laws of England and Wales.

6.7 Lock-In Agreement

The Lock-In Agreement dated 28 October 2021 between the Company, Jefferies and Blackmead Infrastructure Limited pursuant to which the parties have agreed that any Ordinary Shares acquired by Blackmead Infrastructure Limited pursuant to the Initial Issue will be subject to a 24 month lock-up from the date of purchase, pursuant to which Blackmead Infrastructure Limited has agreed that it will not sell, grant options over or otherwise dispose of any interest in any such Ordinary Shares purchased by it for the lock-up period (subject to market standard exceptions).

The Lock-In Agreement is governed by the laws of England and Wales.

7 LITIGATION

There have been no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

8 WORKING CAPITAL

The Company is of the opinion that, on the basis the Minimum Net Proceeds are raised, the working capital available to the Company is sufficient for its present requirements that is for at least the next 12 months from the date of this document.

If the Minimum Net Proceeds are not raised, the Initial Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA. In the event that the Company does not wish to prepare and publish a supplementary prospectus incorporating a working capital statement based on a revised minimum net proceeds figure the Initial Issue will not proceed, the arrangements in respect of the Initial Issue will lapse and any monies received in respect of the Initial Issue will be returned to applicants and Placees without interest at each applicants' risk.

9 CAPITALISATION AND INDEBTEDNESS

As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness, and there have been no material changes to the Company's capitalisation from the date of its incorporation to the date of this document.

10 GENERAL

- 10.1 Pursuant to the UK AIFM Regime and the EU AIFM Directive the Company has set a maximum leverage limit of 130 per cent. (on both a "gross" and "commitment" basis).
- 10.2 Where third party information has been referenced in this document, the source of that third party information has been disclosed. All information in this document that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 10.3 No application is being made for the Shares to be dealt with in or on any stock exchange or investment exchange other than to the main market.
- 10.4 The Investment Manager was incorporated in England and Wales as a limited liability partnership on 25 October 2001 under the Limited Liability Partnership Act 2000 (registration number OC300878). Its LEI number is 213800WOK59EEP4B4Q11. The Investment Manager is authorised and regulated by the FCA (FCA registration number 198020). The registered office of the Investment Manager is The Shard, 32 London Bridge Street, London, United Kingdom, SE1 9SG (tel. +44 (0)20 3667 8100). The Investment Manager has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear. The Investment Manager accepts responsibility for the following parts of this document for the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) (together the "**Investment Manager Sections**"): (i) Part 1 – Information on the Company – the sections headed "Sustainability and ESG" and "Valuation Methodology"; (ii) Part 2 – The UK Forestry Investment Opportunity; (iii) Part 3 – The Target Seed Forestry Assets and Investment Pipeline; and (iv) Part 5 – Directors, Management and Administration – the sections headed "The Investment Manager" and "Investment Process". To the best of the knowledge of the Investment Manager, the Investment Manager Sections are in accordance with the facts and make no omission likely to affect their import.
- 10.5 Savills Advisory Services Limited was incorporated in England and Wales as a limited company on 17 April 2007 under the Companies Act (registration number 06215875). The registered office of Savills is 33 Margaret Street, London W1G 0JD (tel. +44 (0)207 499 8644). Savills has given and not withdrawn its written consent to the inclusion in this document of the Valuation Report and has authorised the contents of the Valuation Report. For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), Savills accepts responsibility for the Valuation Report. To the best of the knowledge of Savills the information contained in the Valuation Report is in accordance with the facts and makes no omission likely to affect its import. Savills is a member of the Royal Institution of Chartered Surveyors (RICS).
- 10.6 The auditors of the Company are Ernst & Young LLP of 1 More London Place, London SE1 2AF and have been the only auditors of the Company since its incorporation. Ernst & Young LLP is a member firm of the Institute of Chartered Accountants in England and Wales.

10.7 The Depositary is incorporated in England as a limited company. Its registered and head office is at 250 Bishopsgate, London EC2M 2AA (tel: +44 (0)207 085 5000). The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is trustee and depositary services. The Depositary is authorised and regulated by the FCA. It is authorised to carry on investment business in the United Kingdom by virtue of its authorisation and regulation by the FCA.

The Depositary is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this document and accepts no responsibility for any information contained in this document.

The Depositary will not hold the Company's Forestry Assets in custody. The Depositary's asset ownership and verification duties with respect to non-custodial assets of the Company apply on a look-through basis to underlying assets held by financial or legal structures established by the Company or by the Investment Manager acting on behalf of the Company for the purpose of investing in the underlying assets and which are controlled directly or indirectly by the Company or the Investment Manager acting on behalf of the Company.

11 INTERMEDIARIES

The Intermediaries authorised as at the date of this document to use this document are:

- AJ Bell;
- Canaccord Genuity Wealth Management;
- Equiniti Shareview;
- Hargreaves Lansdown;
- Interactive Investor; and
- Redmayne Bentley.

Any new information with respect to the Intermediaries which is unknown at the time of publication of this document including in respect of any Intermediary that is appointed by the Company in connection with the Intermediaries Offer after the date of this document following its agreement to adhere to and be bound by the Intermediaries Terms and Conditions, and any Intermediary that ceases to participate in the Intermediaries Offer, will be made available (subject to certain restrictions) at the Company's website, fsfc.foresightgroup.eu.

12 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available on the Company's website (fsfc.foresightgroup.eu) and for inspection at the registered office of the Company during normal business hours on any Business Day from the date of this document until 27 October 2022:

- the Memorandum and Articles of the Company;
- the Valuation Report; and
- this document.

Dated: 28 October 2021

PART 10

AIFMD – ARTICLE 23 DISCLOSURES

The UK AIFM Regime requires certain disclosures to be made by UK AIFMs, such as the Investment Manager, when they market interests in an AIF to investors located in the United Kingdom.

In addition, the EU AIFM Directive imposes detailed and prescriptive obligations on fund managers established in the EEA (the “**Operative Provisions**”). These do not currently apply to fund managers established outside the EEA, such as the Investment Manager. Rather, non-EEA managers are only required to comply with certain disclosure, reporting and transparency obligations of the EU AIFM Directive (the “**Disclosure Provisions**”) and, even then, only if the non-EEA manager markets shares in an AIF to EEA domiciled investors within the EEA. Where the Disclosure Provisions appear to require disclosure on an Operative Provision which does not apply to the Company, no meaningful disclosure can be made. These Operative Provisions include prescriptive rules on measuring and capping leverage in line with known European standards, the treatment of investors, liquidity management, the use of “depositories” and cover for professional liability risks.

This document contains the information required to be made available to investors in the Company before they invest, pursuant to the UK AIFM Regime and the EU AIFM Directive. Article 23 of the EU AIFM Directive has been implemented in the United Kingdom through Chapter 3.2 of the Investment Funds sourcebook of the Financial Conduct Authority Handbook (“**FUND 3.2**”). The table below sets out information required to be disclosed pursuant to the FUND 3.2 and the EU AIFM Directive and related national implementing measures.

This document contains solely that information that Foresight Group LLP (as the AIFM of the Company) is required to make available to investors pursuant to the UK AIFM Regime and the EU AIFM Directive and should not be relied upon as the basis for any investment decision.

Regulatory Reference		DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
EU AIFM Directive Article 23	FUND 3.2.2R		
1(a)	1(a)	a description of the investment strategy and objectives of the Company	Information on the investment strategy and objectives of the Company are outlined in paragraph 2 of Part 1 of this document.
1(a)	1(b)	if the Company is a feeder fund, information on where the master fund is established;	Not applicable.
1(a)	1(c)	if the Company is a fund of funds, information on where the underlying funds are established;	Not applicable.
1(a)	1(d)	a description of the types of assets in which the Company may invest;	The types of assets in which the Company may invest are outlined in paragraph 2 of Part 1 of this document.

Regulatory Reference		DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
EU AIFM Directive Article 23	FUND 3.2.2R		
1(a)	1(e)	the investment techniques that the Company may employ and all associated risks;	<p>The investment techniques used by the Company are described in paragraph 2 of Part 1 and paragraph 5 of Part 5 of this document.</p> <p>The section entitled “Risk Factors” (pages 13 to 24 inclusive) of this document provides an overview of the risks involved in investing in the Company.</p>
1(a)	1(f)	any applicable investment restrictions;	The investment restrictions applicable to the Company are set out in paragraph 2 of Part 1 of this document under the heading “Investment restrictions”.
1(a)	1(g)	the circumstances in which the Company may use leverage;	The circumstances in which the Company may use leverage and the restrictions on the use of leverage are described in paragraph 2 of Part 1 under the heading “Borrowing policy”.
1(a)	1(h)	the types and sources of leverage permitted and the associated risks;	<p>The UK AIFM Regime and the EU AIFM Directive prescribe two methods of measuring and expressing leverage (as opposed to gearing) and require disclosure of the maximum amount of ‘leverage’ the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to be gearing.</p> <p>Certain risks associated with the Company’s use of leverage are described in the “Risk Factors” section of this document.</p>
1(a)	1(i)	the maximum level of leverage which the AIFM is entitled to employ on behalf of the Company;	Without prejudice to the foregoing (in compliance with the investment policy concerning gearing), the Company has set a maximum leverage limit of 130 per cent. (on both a “gross” and “commitment” basis).
1(a)	1(j)	any collateral and asset reuse arrangements;	Not applicable.
1(b)	2	a description of the procedures by which the Company may change its investment strategy or investment policy, or both;	The Company will not make any material change to its published investment policy without the approval of the FCA and Shareholders by way of an ordinary resolution at a general meeting. Any change to the investment policy which does not amount to a material change to the investment policy may be made by the Company without the approval of the Shareholders.

Regulatory Reference		DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
EU AIFM Directive Article 23	FUND 3.2.2R		
1(c)	3	<p>a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Company is established;</p>	<p>The Company is a company limited by shares, incorporated in England and Wales. While investors acquire an interest in the Company on subscribing for or purchasing shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Shares held by them.</p> <p>Shareholders' rights in respect of their investment in the Company are governed by the Articles and the Companies Act. Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims and derivative actions. If a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its own legal advisers.</p> <p><i>Jurisdiction and applicable law</i></p> <p>As noted above, Shareholders' rights are governed principally by the Articles and the Companies Act. By subscribing for Shares, investors agree to be bound by the Articles, which are governed by, and construed in accordance with, the laws of England and Wales.</p> <p><i>Choice of law</i></p> <p>Where a matter comes before an English court, the choice of a governing law in any given agreement is subject to the provisions of UK Rome I. Under UK Rome I, the English court may apply any rule of English law which is mandatory irrespective of the governing law and may refuse to apply a governing law if it is manifestly incompatible with English public policy. Further, where all elements relevant to the situation at the time of choice are located in a country other than the country whose law has been chosen, the parties' choice shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement. Further, where all</p>

Regulatory Reference		DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
EU AIFM Directive Article 23	FUND 3.2.2R		
			<p>elements are located in the UK and/or one or more EU member states, the parties' choice of some other law shall not prejudice the application of provisions of retained EU law which cannot be derogated from by agreement.</p> <p>Recognition and enforcement of foreign judgments</p> <p>Shareholders should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England. Depending on the nature and jurisdiction of the original judgment, the Hague Convention, the Civil Jurisdiction and Judgments Act 1982 (in respect of Scottish and Northern Irish judgments), or the Administration of Justice Act 1920 or the Foreign Judgments (Reciprocal Enforcement) Act 1933 (which give effect to reciprocal arrangements with certain countries) may apply. Judgments which fall outside of those legal instruments may be enforceable at common law.</p> <p>The UK has applied to re-accede to the Lugano Convention, which would secure a reciprocal arrangement in the areas of jurisdiction and the recognition and enforcement of judgments of countries which are parties to the convention (i.e. EU Member States and Iceland, Norway and Switzerland). However, the unanimous agreement of the contracting states is required for the accession of new members and, as at the date of this document, this is still pending.</p>
1(d)	4	the identity of the AIFM, the Company's depositary, the auditor and any other service providers and a description of their duties and the investors' rights;	<p>The Investment Manager:</p> <p>Pursuant to the Investment Management Agreement, the Company has appointed Foresight Group LLP to act as the Company's AIFM. The Investment Manager will maintain responsibility for implementing appropriate portfolio and risk management standards and procedures for the Company and will also carry out the on-going oversight functions and ensure compliance with the applicable requirements of the UK AIFM Regime.</p> <p>The Investment Manager has also been appointed to provide the day-to-day administration of the Company and will also be responsible for the Company's general administrative functions, such as the</p>

Regulatory Reference		DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
EU AIFM Directive Article 23	FUND 3.2.2R		
			<p>calculation and publication of the Net Asset Value, the maintenance of the Company's accounting records and will also provide company secretarial services required under the Companies Act.</p> <p>Further details of the Investment Management Agreement are set out in paragraph 6.2 of Part 9 of this document.</p> <p>Registrar: The Company will utilise the services of Computershare Investor Services PLC as registrar in relation to the transfer and settlement of shares.</p> <p>Depositary: NatWest Trustee and Depositary Services Limited has been appointed as the sole depositary of the Company.</p> <p>Auditor: Ernst & Young LLP will provide audit services to the Group. The auditor's principal responsibilities are to audit and express an opinion on the financial statements of the Company in accordance with applicable law and auditing standards. The annual report and accounts will be prepared according to accounting standards laid out under IFRS.</p> <p>Investors' Rights The Company is reliant on the performance of third party service providers, including the Investment Manager, the Auditor and the Registrar.</p> <p>Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder's contractual relationship in respect of its investment in Shares is with the Company only. Accordingly, no Shareholder will have any contractual claim against any service provider with respect to such service provider's default.</p> <p>If a Shareholder considers that it may have a claim against a third party service provider in connection with such Shareholder's investment in the Company, such Shareholder should consult its own legal advisers.</p> <p>The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of the Financial Services</p>

Regulatory Reference		DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
EU AIFM Directive Article 23	FUND 3.2.2R		
			<p>and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.</p> <p>Shareholders who are “Eligible Complainants” for the purposes of the FCA “Dispute Resolutions Complaints” rules (natural persons, micro-enterprises and certain charities or trustees of a trust) are able to refer any complaints against FCA authorised service providers to the Financial Ombudsman Service (“FOS”) (further details of which are available at www.fscs.org.uk). Additionally, Shareholders may be eligible for compensation under the Financial Services Compensation Scheme (“FSCS”) if they have claims against an FCA authorised service provider which is in default. There are limits on the amount of compensation. Further information about the FSCS can be found at www.fscs.org.uk. To determine eligibility in relation to either the FOS or the FSCS, Shareholders should consult the respective websites above and speak to their legal advisers.</p>
1(e)	5	a description of how the Company complies with the requirements referred to in IPRU-INV 11.3.11G (Professional negligence) relating to professional liability risk;	In order to cover potential professional liability risks resulting from the Investment Manager’s activities, the Investment Manager holds a professional indemnity insurance policy against liability arising from professional negligence which is appropriate to the risks.
1(f)	6	a description of:	
1(f)	6(a)	any management function delegated by the Investment Manager;	Not applicable.
1(f)	6(b)	any safe-keeping function delegated by the depositary;	The Company is not expected to invest in or hold custodial assets. However, to the extent the Company does hold custodial assets in accordance with the terms of the Depositary Agreement, and subject to the provisions of the UK AIFM Regime, the Depositary may delegate its safe-keeping functions. The

Regulatory Reference		DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
EU AIFM Directive Article 23	FUND 3.2.2R		
			<p>liability of the Depositary shall in principle not be affected by any delegation of its custody function and the Depositary shall be liable to the Company or its investors for the loss of financial instruments by the Depositary or a third party to whom the custody of financial instruments has been delegated.</p> <p>The Depositary has sub-delegated safe keeping functions to State Street Bank and Trust Company. State Street Bank and Trust Company (London Branch) is authorised and regulated by the Federal Reserve Board, authorised by the Prudential Regulatory Authority, subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulatory Authority.</p>
1(f)	6(c)	the identity of each delegate appointed in accordance with FUND 3.10 (Delegation); and	Not applicable.
1(f)	6(d)	any conflicts of interest that may arise from such delegations;	Not applicable.
1(g)	7	(7) a description of the Company's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets, in line with FUND 3.9 (Valuation);	A description of the Company's valuation procedures is outlined in paragraph 5 of Part 1 of this document under the heading "Valuation Methodology".
1(h)	8	a description of the Company's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;	<p>The Company is a closed-ended investment company incorporated in England and Wales on 31 August 2021. Shareholders are entitled to participate in the assets of the Company attributable to their Shares in a winding-up of the Company or other return of capital, but they have no rights of redemption.</p> <p>Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. The Company will mitigate this risk by maintaining a</p>

Regulatory Reference		DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
EU AIFM Directive Article 23	FUND 3.2.2R		
			balance between continuity of funding and flexibility using bank deposits and loans.
1(i)	9	a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;	<p>The costs and expenses of, and incidental to, the Initial Issue are expected to be approximately 2 per cent. of the Initial Gross Proceeds (assuming Initial Gross Proceeds of £200 million).</p> <p>The on-going annual expenses of the Company for the period ending 30 September 2022 relative to the Net Asset Value is expected to be approximately 1.3 per cent.</p> <p>Given that many of the fees are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.</p>
1(j)	10	a description of how the AIFM ensures a fair treatment of investors;	<p>The Directors of the Company have certain statutory duties with which they must comply. These include a duty upon each Director to act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Company must comply with the FCA's Premium Listing Principles which require the Company to treat all Shareholders of a given class equally.</p> <p>The Investment Manager maintains a conflicts of interest policy to avoid and manage any conflicts of interest that may arise between it and the Company.</p> <p>No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors. The Shares of each class rank <i>pari passu</i> with all Shares of the same class.</p>
1(j)	11(a) to 11(c)	whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of: that preferential treatment; the type of investors who obtain such preferential treatment; and where relevant, their legal or economic links with the AIF or the AIFM;	Not applicable.

Regulatory Reference		DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
EU AIFM Directive Article 23	FUND 3.2.2R		
1(l)	12	the procedure and conditions for the issue and sale of units or shares;	<p>The terms and conditions under which investors can subscribe for Shares under the Initial Placing and the Placing Programme are set out in Part 13 of this document.</p> <p>The terms and conditions under which investors can subscribe for Ordinary Shares under the Offer for Subscription are set out in Part 14 of this document.</p> <p>New Shares may be issued at the Board's discretion and providing relevant Shareholder issuance authorities are in place. Shareholders do not have the right to redeem their Shares. While the Company will typically have Shareholder authority to buy back Shares any such buy back is at the absolute discretion of the Board and no expectation or reliance should be placed on the Board exercising such discretion.</p>
1(m)	13	the latest net asset value of the Company or the latest market price of the unit or share of the Company, in line with FUND 3.9 (Valuation);	<p>The Company has not yet published a Net Asset Value.</p> <p>When published, Net Asset Value announcements can be found on the Company's website: fsfc.foresightgroup.eu.</p>
1(k)	14	the latest annual report, in line with FUND 3.3 (Annual report of an AIF);	<p>The Company has not yet published an annual report.</p> <p>When published, annual reports can be found on the Company's website: fsfc.foresightgroup.eu.</p>
1(n)	15	where available, the historical performance of the Company;	<p>The Company has not yet published any annual or interim financial statements.</p> <p>When published, annual and interim financial statements can be found on the Company's website: fsfc.foresightgroup.eu.</p>
1(o)	16(a)	the identity of the prime brokerage firm;	Not applicable.
1(o)	16(b)	a description of any material arrangements of the Company with its prime brokerage firm and the way any conflicts of interest are managed;	Not applicable.

Regulatory Reference		DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
EU AIFM Directive Article 23	FUND 3.2.2R		
1(o)	16(c)	the provision in the contract with the depositary on the possibility of transfer and reuse of Company assets; and	Not applicable.
1(o)	16(d)	information about any transfer of liability to the prime brokerage firm that may exist; and	Not applicable.
1(p)	17	a description of how and when the information required under FUND 3.2.5 R and FUND 3.2.6 R will be disclosed.	<p>The Investment Manager as AIFM is required under the UK AIFM Regime to make certain periodic disclosures to Shareholders of the Company.</p> <p>Under the UK AIFM Regime, the Investment Manager must periodically disclose to Shareholders:</p> <ul style="list-style-type: none"> ● the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature; ● any new arrangements for managing the liquidity of the Company; and ● the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks. <p>This information shall be disclosed as part of the Company's annual and half year reporting to Shareholders.</p> <p>Under the UK AIFM Regime, the Investment Manager must disclose to Shareholders on a regular basis:</p> <ul style="list-style-type: none"> ● any changes to: (i) the maximum level of leverage that the Investment Manager may employ on behalf of the Company; and (ii) any right or reuse of collateral (including any security, guarantee or indemnity) or any guarantee granted under the leveraging arrangement; and ● the total amount of leverage employed by the Company. <p>Information on changes to the maximum level of leverage and any right of re-use of collateral or any guarantee under the leveraging arrangements shall be provided without undue delay.</p> <p>Information on the total amount of leverage employed by the Company shall be disclosed</p>

Regulatory Reference		DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
EU AIFM Directive Article 23	FUND 3.2.2R		
			<p>as part of the Company's periodic reporting to Shareholders.</p> <p>Without limitation to the generality of the foregoing, any information required to be disclosed may be disclosed to Shareholders: (a) in the Company's annual report or half-yearly report; (b) by the Company issuing an announcement via an RIS; (c) a subsequent prospectus; and/or (d) by the Company publishing the relevant information on fsfc.foresightgroup.eu.</p>

PART 11

GLOSSARY OF RELEVANT TERMS

Set out below is an explanation of some of the industry-specific terms which are used in this document:

Afforestation	land acquisitions where new tree planting is intended to occur where canopy cover of over at least 20 per cent. of the land area is expected
Carbon Credit	a generic term for any tradeable certificate or permit representing the right to emit one tonne of carbon dioxide or the equivalent amount of a different greenhouse gas
Commercial Forestry	land areas used for planting, maintaining and growing trees for commercial production of timber or other forest products
ESG	environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights
EU Green Taxonomy	a classification tool aimed at investors, companies and financial institutions to define environmental performance of economic activities across a wide range of industries, and sets requirements corporate activities must meet to be considered sustainable
Forestry Assets	land assets where stands of trees have a canopy cover of at least 20 per cent. of land area, or have the potential to achieve this through new planting (" Afforestation ") initiatives
FSC	the Forest Stewardship Council, an international non-profit, multi-stakeholder organisation that promotes responsible management of the world's forests
Long Term Retention	stands of trees retained for environmental benefit significantly beyond the age or size generally adopted by woodland enterprise
native woodland	native woodland is a land area where a community of naturally occurring tree species regenerate by natural (i.e. without intervention) means
Natural Reserves	natural reserves are predominantly wooded, usually mature and intended to reach biological maturity. They are permanently identified and in locations which are of particularly high wildlife interest or potential. They are managed by minimum intervention unless alternative interventions have higher conservation or biodiversity value
Non-Commercial Forestry	non-commercial forestry relates to land areas used for planting, maintaining and growing trees that are not for commercial production of timber or other forest products
open ground	open ground relates to land areas that are left unplanted with trees
PEFC	the Programme for the Endorsement of Forest Certification, an international, non-profit, non-governmental organisation which promotes sustainable forest management through independent third-party certification
PIU	a pending issuance unit, a 'promise to deliver' a Woodland Carbon Unit in the future, based on predicted growth

Site of Special Scientific Interest	a Site of Special Scientific Interest (SSSI) is a formal conservation designation. Usually, it describes an area that is of particular interest to science due to the rare species of fauna or flora it contains, or even important geological or physiological features that may lie in its boundaries
Special Areas of Conservation	Special Areas of Conservation (SACs) are those which have been given greater protection under UK regulation. They have been designated because of a possible threat to the special habitats or species which they contain and to provide increased protection to a variety of animals, plants and habitats of importance to biodiversity both on a national and international scale
Standing Forests	areas of land that are currently planted with trees
UK Forestry Standard	the national reference standard for the sustainable management of UK forests and applies to all woodland regardless of who owns or manages it
VCU	a verified carbon unit which represents the removal of one tonne of CO ₂ e
WCC	Woodland Carbon Code, the issuing body for woodland Carbon Credits specialising in UK forestry
WCU or Woodland Carbon Unit	a Woodland Carbon Unit is a tonne of CO ₂ e which has been sequestered in a WCC-verified woodland (if considered appropriate, the Group may utilise a variant/successor organisation of the WCC or a different validation body in relation to the validation of any Carbon Credits)
Woodland Management Plan	a Woodland Management Plan (WMP) is a long term strategic management plan that brings together the management objectives, the environmental, economic, and social functions and the silvicultural prescriptions into a comprehensive plan to deliver long term benefits through sustainable forest management. Scottish Forestry still uses the term “Long Term Forest Plan” (LTFP) and Natural Resource Wales uses the term “Forest Management Plan” (FMP)

PART 12

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

Admission	admission of the Shares issued in connection with a Subsequent Placing: (i) to the premium segment of the Official List; and (ii) to trading on the London Stock Exchange's main market, becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
Admission and Disclosure Standards	the Admission and Disclosure Standards published by the London Stock Exchange as amended from time to time
AIC	the Association of Investment Companies
AIC Code	the AIC Code of Corporate Governance published by the AIC from time to time
AIF	an alternative investment fund within the meaning of the UK AIFM Regime and the EU AIFM Directive
AIFM	an alternative investment fund manager within the meaning of the UK AIFM Regime and the EU AIFM Directive
Application Form	the application form attached to this document for use in connection with the Offer for Subscription
Articles	the articles of association of the Company
Audit Committee	the audit committee of the Board
Auditor	Ernst & Young LLP
Benefit Plan Investor	(i) an employee benefit plan that is subject to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA (including, as applicable, assets of an insurance company general account) or a plan that is subject to the prohibited transaction provisions of section 4975 of the U.S. Tax Code (including an individual retirement account), (ii) an entity whose underlying assets include "plan assets" by reason of a Plan's investment in the entity, or (iii) any "benefit plan investor" as otherwise defined in section 3(42) of ERISA or regulations promulgated by the U.S. Department of Labor
BFL I	Blackmead Forestry Limited
BFL II	Blackmead Forestry II Limited
Board	the board of Directors of the Company or any duly constituted committee thereof
Business Day	any day which is not a Saturday or Sunday or a bank holiday in the City of London
C Shares	C shares of £0.10 each in the capital of the Company
Calculation Date	has the meaning given in paragraph 4.21(1) of Part 9 of this document
Capital gains tax or CGT	UK taxation of capital gains or corporation tax on chargeable gains, as the context may require
certificated or in certificated form	not in uncertificated form
COBS Rules	the Conduct of Business Sourcebook of the FCA, as amended from time to time

Companies Act	the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force
Company	Foresight Sustainable Forestry Company Plc
Conversion	the conversion of C Shares into Ordinary Shares and Deferred Shares in accordance with the Articles and as described in paragraph 4.21(1) of Part 9 of this document
Conversion Date	has the meaning given in paragraph 4.21(1) of Part 9 of this document
Conversion Ratio	has the meaning given in paragraph 4.21(1) of Part 9 of this document
CREST	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
CREST Regulation	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
CTA 2009	Corporation Tax Act 2009 and any statutory modification or re-enactment thereof for the time being in force
CTA 2010	Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force
Directors	the directors from time to time of the Company and “ Director ” is to be construed accordingly
DCF	discounted cash flow
Depository	NatWest Trustee and Depository Services Limited
Depository Agreement	the depository agreement between the Company, the Investment Manager and the Depository, a summary of which is set out in paragraph 6.4 of Part 9 of this document
Disclosure Guidance and Transparency Rules	the disclosure guidance published by the Financial Conduct Authority and the transparency rules made by the Financial Conduct Authority under section 73A of FSMA, as amended from time to time
DP Legislation	any law applicable from time to time relating to the collecting and/or processing of personal data and/or privacy, as in force at the date of this document or as re-enacted, applied, amended, superseded, repealed or consolidated, including without limitation, the UK Data Protection Act 2018, the UK GDPR, the General Data Protection Regulation (EU) 2016/679 (as the case may be) and the Privacy and Electronic Communications (EC Directive) Regulations 2003, in each case including any legally binding regulations, directions and orders issued from time to time under or in connection with any such law
DVP	delivery versus payment
EEA	the European Economic Area
ERISA	U.S. Employee Retirement Income Security Act of 1974, as amended
EU	the European Union
EU AIFM Directive	Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers, as amended from time to time

EU Prospectus Regulation	Regulation (EU) No. 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST
European Union or EU	the European Union first established by the treaty made at Maastricht on 7 February 1992
FATCA	the U.S. Foreign Account Tax Compliance Act of 2010, as amended from time to time
FCA	the Financial Conduct Authority or any successor authority
FCA Handbook	the FCA handbook of rules and guidance as amended from time to time
FITF	the Foresight Inheritance Tax Fund
Foresight Group	Foresight Group Holdings Limited and any other entities in its group for the purposes of Section 606 of CTA 2010
FSMA	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
Gross Asset Value	the aggregate value of the total assets of the Company as determined with the accounting principles adopted by the Company from time to time
Group	the Company and any companies in the Company's group for the purposes of Section 606 of CTA 2010 from time to time
Hague Convention	the Hague Convention on Choice of Court Agreements 2005
HMRC	Her Majesty's Revenue and Customs
IFRS	international financial reporting standards
Initial Admission	admission of the Ordinary Shares (issued and to be issued) in connection with the Initial Issue: (i) to the premium segment of the Official List; and (ii) to trading on the London Stock Exchange's main market, becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
Initial Expenses	the commissions, costs and expenses of the Company that are necessary for the establishment of the Company, the Initial Issue and Initial Admission
Initial Gross Proceeds	the gross proceeds of the Initial Issue
Initial Issue	together the Initial Placing, the Offer for Subscription and the Intermediaries Offer
Initial Placing	the conditional placing of Ordinary Shares at the Issue Price pursuant to the Initial Issue as described in this document
Intermediaries	the entities listed in paragraph 11 of Part 9 of this document, together with any other intermediary (if any) that is appointed by the Company in connection with the Intermediaries Offer after the date of this document and " Intermediary " shall mean any one of them
Intermediaries Booklet	the booklet(s) entitled "Foresight Sustainable Forestry Company Plc: Intermediaries Offer – Information for Intermediaries" and containing, among other things, the Intermediaries Terms and Conditions

Intermediaries Offer	the offer of Ordinary Shares by the Intermediaries to retail investors
Intermediaries Terms and Conditions	the terms and conditions agreed between the the Company and the Intermediaries in relation to the Intermediaries Offer and contained in the Intermediaries Booklet
Investment Management Agreement	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 6.2 of Part 9 of this document
Investment Manager	Foresight Group LLP
ISA	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time)
ISIN	International Securities Identification Number
Issue Price	100 pence per Ordinary Share
Jefferies	Jefferies International Limited
Key Information Document(s)	the key information document(s) relating to the Ordinary Shares and/or any other class of shares issued by the Company from time to time (as the context requires), produced pursuant to the PRIIPs Regulation, as amended and updated from time to time
Key Person Event	<p>an event where two or more of the Key Persons (or such other person as may have been approved as a replacement for them) either:</p> <p>(A) cease to be an officer, member, employee or director of the Investment Manager; or</p> <p>(B) cease to be actively engaged in the performance of the delegated obligations of the Investment Manager under the Investment Management Agreement; or</p> <p>(C) cease to devote sufficient time to the affairs of the Investment Manager and its affiliates to ensure that the Investment Manager can, in the reasonable opinion of the Board, at all times perform its obligations under the Investment Management Agreement to the services standard as set out in the Investment Management Agreement</p>
Key Persons	Richard Kelly, Robert Guest, Julian Elsworth and the Nominee (or such other person(s) as may be approved as a replacement by the Board from time to time) and references to “ Key Person ” shall be construed accordingly
LEI	Legal Entity Identifier
Listing Rules	the listing rules made by the FCA under section 73A of FSMA, as amended from time to time
Lock-In Agreement	the lock-in agreement dated 28 October 2021 entered into between Blackmead Infrastructure Limited and the Company, further details of which is set out in paragraph 6.7 of Part 9 of this document
London Stock Exchange	London Stock Exchange plc
Lugano Convention	the convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters done at Lugano on 30 October 2007
main market	the London Stock Exchange’s main market for listed securities

Management Engagement Committee	the management engagement committee of the Board
Management Shares	redeemable shares of £1.00 each in the capital of the Company
Market Abuse Regulation or MAR	the UK version of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended
Minimum Gross Proceeds	the minimum gross proceeds of the Initial Issue, being £130 million
Minimum Net Proceeds	the Minimum Gross Proceeds less the Initial Expenses
Money Laundering Directive	the Council Directive on prevention of the use of the financial system for the purposes of money laundering or terrorist financing (EU/2015/849) as amended by the Money Laundering Directive (EU) 2018/843 of the European Parliament and of the Council of the Europe Union of 9 July 2018 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing
Money Laundering Regulations	the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended from time to time
Net Asset Value	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time-to-time
Net Asset Value per C Share	at any time, the Net Asset Value attributable to a class of C Shares divided by the number of C Shares of the relevant class in issue at the date of calculation
Net Asset Value per Ordinary Share	at any time, the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury) at the date of calculation
Net Proceeds	the proceeds of the Initial Issue, after deduction of the Initial Expenses
Nomination Committee	the nomination committee of the Board
Nominee	the person to be nominated in writing by the Investment Manager as a fourth Key Person following the date of the Investment Management Agreement
Non-Core Assets	has the meaning set out in paragraph 2 of Part 1 of this document
Offer for Subscription	the offer for subscription of Ordinary Shares at the Issue Price on the terms set out in this document
Official List	the official list maintained by the FCA pursuant to Part VI of FSMA
Ongoing Charges Ratio	the annual percentage reduction in shareholder returns because of recurring operational expenses assuming markets remain static and the portfolio is not traded (calculated according to the AIC's ongoing charges calculation)
Option Agreement	the option agreement dated 28 October 2021 entered into between Blackmead Infrastructure Limited and the Company, giving the Company the option to acquire the issued shares in BFL

	I and BFL II, the holding companies owning the Target Seed Forestry Assets following Initial Admission, further details of which is set out in paragraph 6.3 of Part 9 of this document
Ordinary Shares	ordinary shares of £0.01 each in the capital of the Company and “ Ordinary Share ” shall be construed accordingly
Overseas Persons	a potential investor who is not resident in, or who is not a citizen of, the UK
Placee	any person that agrees to subscribe for Ordinary Shares pursuant to the Initial Placing or any Subsequent Placing
Placing and Offer Agreement	the conditional placing and offer agreement between the Company, the Directors, the Investment Manager, Jefferies and Jefferies GmbH, a summary of which is set out in paragraph 6.1 of Part 9 of this document
Placing Programme	the proposed placing programme of Shares incorporating any Subsequent Placing as described in this document
Placing Programme Price	the price at which Shares will be issued to Placees pursuant to a Subsequent Placing under the Placing Programme, as set out in Part 7 of this document
Plan Asset Regulations	the U.S. Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA
PRIPs Regulation	as the context requires: <ul style="list-style-type: none"> (i) the UK version of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products and its implementing and delegated acts, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended by The Packaged Retail and Insurance-based Investment Products (Amendment) (EU Exit) Regulations 2019; or (ii) Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based products, as may be amended or varied from time to time
Prospectus Regulation	the UK version of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended by The Prospectus (Amendment, etc) (EU Exit) Regulations 2019
Prospectus Regulation Rules	the prospectus regulation rules made by the FCA under section 73A of FSMA, as amended from time to time
Receiving Agent or Computershare	Computershare Investor Services PLC
Receiving Agent Agreement	the receiving agent agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 6.6 of Part 9 of this document
Register	the register of Shareholders of the Company
Registrar	Computershare Investor Services PLC

Registrar Agreement	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 6.5 of Part 9 of this document
Regulation S	Regulation S promulgated under the U.S. Securities Act, as amended from time to time
Regulatory Information Service or RIS	a service authorised by the FCA to release regulatory announcements to the London Stock Exchange
Relevant Member State	a member state of the EEA which has implemented the EU Prospectus Regulation
Savills	Savills Advisory Services Limited
SEDOL	the Stock Exchange Daily Official List
Shareholder	a holder of Shares
Shares	Ordinary Shares and/or C Shares (as the context may require)
SIPP	a self-invested personal pension as defined in Regulation 3 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 of the UK
SPV	special purpose vehicle
SSAS	a small self-administered scheme as defined in Regulation 2 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991 of the UK
Sterling or GBP or £ or pence	the lawful currency of the United Kingdom
Subsequent Placing	any placing of Shares pursuant to the Placing Programme described in this document
Takeover Code	the City Code on Takeovers and Mergers, as amended from time to time
Target Market Assessment	has the meaning given on page 29 of this document
Target Seed Forestry Assets	the Forestry Assets held by BFL I and BFL II (and their respective subsidiaries), further details of which are set out in Part 3 of this document
Terms and Conditions of Application	the terms and conditions to which subscriptions under the Offer for Subscription are subject as set out in Part 14 of this document
UK Rome I	the UK version of EU Rome I (as amended by the Law Applicable to Contractual and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019/834; and as further amended by the Jurisdiction, Judgments and Applicable Law (Amendment) (EU Exit) Regulations 2020 (SI 2020/1574)), which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
UK AIFM Regime	<ul style="list-style-type: none"> (i) the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) and any other implementing measure which operated to transpose the EU AIFM Directive into UK law before 31 January 2020 (as amended from time to time); and (ii) the UK versions of the EU AIFM Delegated Regulation and any other delegated regulations in respect of the EU AIFM Directive, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018, as further amended and supplemented from time to time
UK Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time

UK GDPR	the UK version of the EU GDPR, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
uncertificated or in uncertificated form	a share recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States of America, United States or U.S.	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. Investment Company Act	U.S. Investment Company Act of 1940, as amended from time to time
U.S. Person	any person who is a U.S. person within the meaning of Regulation S adopted under the U.S. Securities Act
U.S. Securities Act	U.S. Securities Act of 1933, as amended from time to time
U.S. Tax Code	the U.S. Internal Revenue Code of 1986, as amended from time to time
Valuation Report	the valuation report provided by Savills in relation to the valuation of the Target Seed Forestry Assets, as reproduced at Part 4 of this document
VAT	value added tax

PART 13

TERMS AND CONDITIONS OF THE INITIAL PLACING AND THE PLACING PROGRAMME

1 INTRODUCTION

- 1.1 Each Placee which confirms its agreement (whether orally or in writing) to Jefferies to subscribe for Shares under the Initial Placing or any Subsequent Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 Jefferies may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and may require any such Placee to execute a separate placing letter ("**Placing Letter**").

2 AGREEMENT TO SUBSCRIBE FOR ORDINARY SHARES

- 2.1 Conditional on, amongst other things: (i) in respect of the Initial Placing only, Initial Admission occurring and becoming effective by 8.00 a.m. on or prior to 24 November 2021 (or such later time and/or date, not being later than 10 December 2021, as agreed by the Company, the Investment Manager and Jefferies); (ii) in respect of a Subsequent Placing only, Admission of the Shares issued pursuant to the relevant Subsequent Placing occurring and becoming effective by 8.00 a.m. on or prior to the date agreed by the Company, the Investment Manager and Jefferies in respect of that Subsequent Placing, not being later than 27 October 2022; (iii) in the case of the Initial Placing, the Minimum Gross Proceeds (being £130 million) (or such lesser amount as the Company, the Investment Manager and Jefferies may agree) being raised; (iv) the Placing and Offer Agreement becoming otherwise unconditional in all respects in respect of the Initial Placing or the relevant Subsequent Placing, as applicable and, not having been terminated on or before the date of the Initial Placing or the relevant Subsequent Placing; and (v) Jefferies confirming to the Placees their allocation of Shares, a Placee agrees to become a Shareholder of the Company and agrees to subscribe for those Shares allocated to it by Jefferies at the Issue Price or applicable Placing Programme Price (as the case may be). To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.
- 2.2 Applications under the Initial Placing and any Subsequent Placing must be for a minimum subscription amount of £1,000.
- 2.3 Any commitment to acquire Shares under the Initial Placing and/or any Subsequent Placing agreed orally with Jefferies, as agent for the Company, will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Jefferies, to subscribe for the number of Shares allocated to it on the terms and subject to the conditions set out in this Part 13 and the contract note or oral or email placing confirmation as applicable (for the purpose of this Part 13, the "**Contract Note**" or the "**Placing Confirmation**") and in accordance with the Articles. Except with the consent of Jefferies, such oral commitment will not be capable of variation or revocation after the time at which it is made.
- 2.4 Each Placee's allocation of Shares under the Initial Placing and/or any Subsequent Placing will be evidenced by a Contract Note confirming: (i) the number of Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Shares; and (iii) settlement instructions to pay Jefferies, as agent for the Company. The provisions as set out in this Part 13 will be deemed to be incorporated into that Contract Note.
- 2.5 If the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager and Jefferies may agree) are not raised, the Initial Placing will lapse and all proceeds will be returned to Placees without interest and at the Placee's risk.

3 PAYMENT FOR ORDINARY SHARES

- 3.1 Each Placee undertakes to pay the Issue Price or Placing Programme Price (as the case may be) for the Shares issued to the Placee in the manner and by the time directed by Jefferies. In the event of any failure by any Placee to pay as so directed and/or by the time required by Jefferies, the relevant Placee's application for Shares may, at the discretion of Jefferies, either be accepted or rejected and, in the former case, paragraph 3.2 below shall apply.
- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the relevant Issue Price or Placing Programme Price (as the case may be) for the Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and Jefferies elects to accept that Placee's application, Jefferies may sell all or any of the Shares allocated to the Placee on such Placee's behalf and retain from the proceeds an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such Shares on such Placee's behalf.
- 3.3 Settlement of transactions in the Shares following Initial Admission will take place in CREST but Jefferies reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

4 REPRESENTATIONS AND WARRANTIES

By agreeing to subscribe for Shares under the Initial Placing or a Subsequent Placing, each Placee which enters into a commitment to subscribe for Shares will (for itself and for any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be deemed to undertake, represent and warrant to each of the Company, the Investment Manager, Jefferies and the Registrar that:

- 4.1 in agreeing to subscribe for Shares under the Initial Placing or a Subsequent Placing, it is relying solely on this document and any supplementary prospectus issued by the Company prior to Initial Admission or any Admission of the relevant Shares issued pursuant to any Subsequent Placing and not on any other information given, or representation or statement made at any time by any person concerning the Company, the Shares, the Initial Placing or any Subsequent Placing, including without limitation, the Key Information Document. It agrees that none of the Company, the Investment Manager, Jefferies or the Registrar, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Shares under the Initial Placing or a Subsequent Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, Jefferies or the Registrar or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing and/or Subsequent Placing;
- 4.3 it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Shares on the terms and subject to the conditions set out in this Part 13 and, as applicable, in the Contract Note or Placing Confirmation and the Articles as in force at the date of Initial Admission or the date of Admission in relation a the Subsequent Placing (as the case may be);
- 4.4 the price payable per Share is payable to Jefferies on behalf of the Company in accordance with the terms of these terms and conditions and in the Contract Note or Placing Confirmation;

- 4.5 it has the funds available to pay in full for the Shares for which it has agreed to subscribe and it will pay the total subscription amount in accordance with the terms set out in these terms and conditions and as set out in the Contract Note or Placing Confirmation on the due time and date;
- 4.6 it has not relied on Jefferies or any person affiliated with Jefferies in connection with any investigation of the accuracy of any information contained in this document;
- 4.7 it acknowledges that the content of this document and any supplementary prospectus issued by the Company prior to Initial Admission or any Admission of the relevant Shares issued pursuant to any Subsequent Placing is exclusively the responsibility of the Company, the Directors and the Investment Manager, and neither Jefferies nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or such supplementary prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Initial Placing or any Subsequent Placing based on any information, representation or statement contained in this document, such supplementary prospectus or otherwise;
- 4.8 it acknowledges that no person is authorised in connection with the Initial Placing or any Subsequent Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by Jefferies, the Company or the Investment Manager;
- 4.9 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.10 its commitment to acquire Shares under the Initial Placing and/or any Subsequent Placing will be agreed orally or in writing (which shall include by email) with Jefferies as agents for the Company and that a Contract Note or Placing Confirmation will be issued by Jefferies as soon as possible thereafter. That oral or written agreement will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Jefferies to subscribe for the number of Shares allocated to it and comprising its Placing Commitment at the Issue Price or the applicable Placing Programme Price (as the case may be) on the terms and conditions set out in this Part 13 and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the date of Initial Admission or the relevant Admission (as the case may be). Except with the consent of Jefferies such oral or written commitment will not be capable of variation or revocation after the time at which it is made;
- 4.11 its allocation of Shares under the Initial Placing or any Subsequent Placing will be evidenced by a Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Shares; and (iii) the settlement instructions to pay Jefferies as agent for the Company. The terms of this Part 13 will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- 4.12 settlement of transactions in the Shares following Initial Admission or any Admission (as the case may be) will take place in CREST but Jefferies reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;
- 4.13 it accepts that none of the Shares have been or will be registered under the securities laws, or with any securities regulatory authority of, any member state of the EEA (with the exception of the Netherlands and the Republic of Ireland), the United States, Australia, Canada, the

Republic of South Africa or Japan (each a “**Restricted Jurisdiction**”). Accordingly, the Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;

- 4.14 if it is within the United Kingdom, it is: (a) a person who falls within (i) Articles 49(2)(A) to (D) or (ii) Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the “**Order**”) or is a person to whom the Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Shares may be lawfully offered under that other jurisdiction’s laws and regulations and (b) a qualified investor (as such term is defined in section 86(d) of the Financial Services and Markets Act 2000);
- 4.15 if it is a resident in a Relevant Member State, it is (a) a “qualified investor” within the meaning of Article 2(e) of the EU Prospectus Regulation; and (b) otherwise permitted to be marketed to in accordance with the provisions of the EU AIFM Directive as implemented in the relevant Relevant Member State in which it is located;
- 4.16 in the case of any Shares acquired by an investor as a financial intermediary within any Relevant Member State as that term is used in Article 5(2) of the EU Prospectus Regulation or within the United Kingdom as that term is defined in the Prospectus Regulation, (i) the Shares acquired by it in the Initial Placing or the relevant Subsequent Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State or the United Kingdom other than qualified investors, as that term is defined in the EU Prospectus Regulation or the Prospectus Regulation (as the case may be), or in circumstances in which the prior consent of Jefferies has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State or the United Kingdom other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation or the Prospectus Regulation (as the case may be) as having been made to such persons;
- 4.17 it: (i) is entitled to subscribe for the Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- 4.18 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Initial Placing and/or any Subsequent Placing (for the purposes of this Part 13, each a “**Placing Document**”) constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Shares pursuant to the Initial Placing or any Subsequent Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.19 it does not have a registered address in, and is not a citizen, resident or national of a Restricted Jurisdiction or any jurisdiction in which it is unlawful to make or accept an offer of the Shares and it is not acting on a non-discretionary basis for any such person;
- 4.20 if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor’s agreement to subscribe for Shares under the Initial Placing or relevant Subsequent Placing (as the case may be);
- 4.21 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and acknowledges and agrees that no Placing Document is being issued by Jefferies in its

capacity as an authorised person under section 21 of FSMA and such documents may not therefore be subject to the controls which would apply if they were made or approved a financial promotion by an authorised person;

- 4.22 it is aware of and acknowledges that it is required to comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving, the United Kingdom;
- 4.23 it is aware of the provisions of the Criminal Justice Act 1993 regarding insider dealing, the Market Abuse Regulation and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with any obligations imposed by such statutes;
- 4.24 unless it is otherwise expressly agreed with the Company and Jefferies in the terms of any particular placing, it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other Placing Document to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- 4.25 it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 5 below;
- 4.26 no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Shares or possession of this document (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- 4.27 it acknowledges that none of Jefferies nor any of its affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing or any Subsequent Placing or providing any advice in relation to the Initial Placing or any Subsequent Placing and participation in the Initial Placing or any relevant Subsequent Placing is on the basis that it is not and will not be a client of Jefferies and that Jefferies has any duties or responsibilities to it for providing the protections afforded to their respective clients or for providing advice in relation to the Initial Placing or any Subsequent Placing (as applicable);
- 4.28 that, save in the event of fraud on the part of Jefferies, none of Jefferies and its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of its directors, members, partners, officers and employees, shall be responsible or liable to a Placee or any of its clients for any matter arising out of Jefferies' roles as sponsor, global co-ordinator or sole bookrunner or otherwise in connection with the Initial Placing or any Subsequent Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- 4.29 it acknowledges that where it is subscribing for Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Initial Placing or relevant Subsequent Placing (as applicable) in the form provided by the Company and/or Jefferies. It agrees that the provisions of this paragraph shall survive any resale of the Shares by or on behalf of any such account;
- 4.30 it irrevocably appoints any Director and any director of Jefferies to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Shares for which it has given a commitment under the Initial Placing or any Subsequent Placing (as applicable), in the event of its own failure to do so;
- 4.31 it accepts that if the Initial Placing or relevant Subsequent Placing does not proceed or the relevant conditions to the Placing and Offer Agreement are not satisfied as regards the relevant placing or the Shares for which valid applications are received and accepted are not admitted to the premium listing segment of the Official List and to trading on the main market

of the London Stock Exchange for any reason whatsoever, then none of Jefferies, the Company and the Investment Manager, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

- 4.32 that it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002;
- 4.33 if it is acting as a “distributor” (for the purposes of the UK MiFIR Product Governance Requirements):
- (1) it acknowledges that the Target Market Assessment undertaken by the Investment Manager and Jefferies does not constitute: (a) an assessment of suitability or appropriateness for the purposes of UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares and each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels;
 - (2) notwithstanding any Target Market Assessment undertaken by the Investment Manager and Jefferies, it confirms that, other than where it is providing an execution-only service to investors, it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Shares and that it has considered the compatibility of the risk/reward profile of such Shares with the end target market; and
 - (3) it acknowledges that the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom;
- 4.34 Jefferies and the Company are entitled to exercise any of their rights under the Placing and Offer Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 4.35 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Jefferies, the Company and the Investment Manager and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of Shares are no longer accurate, it shall promptly notify Jefferies and the Company;
- 4.36 where it or any person acting on behalf of it is dealing with Jefferies, any money held in an account with Jefferies on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Jefferies to segregate such money, as that money will be held by Jefferies under a banking relationship and not as trustee;
- 4.37 any of its clients, whether or not identified to Jefferies, will remain its sole responsibility and will not become clients of Jefferies for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.38 it accepts that the allocation of Shares shall be determined by the Company (in consultation with Jefferies and the Investment Manager) and that it may scale down the Initial Placing or any Subsequent Placing commitments for this purpose on such basis as it may determine;
- 4.39 time shall be of the essence as regards its obligations to settle payment for the Shares and to comply with its other obligations under the Initial Placing or relevant Subsequent Placing (as applicable);
- 4.40 it authorises Jefferies to deduct from the total amount subscribed under the Initial Placing or relevant Subsequent Placing (as applicable) the aggregate commission (if any) payable on the number of Shares allocated under the Initial Placing or relevant Subsequent Placing;

- 4.41 the commitment to subscribe for Shares on the terms set out in these terms and conditions will continue notwithstanding any amendment that may in the future be made to the terms of the Initial Placing or any Subsequent Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Initial Placing and/or any Subsequent Placing; and
- 4.42 it is capable of being categorised as a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook.

5 UNITED STATES PURCHASE AND TRANSFER RESTRICTIONS

Unless it is otherwise expressly agreed with the Company and Jefferies, by participating in the Initial Placing or the relevant Subsequent Placing (as applicable), each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Manager, Jefferies and the Registrar that:

- 5.1 it is not a U.S. Person, is not located within the United States, is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S and is not acquiring the Shares for the account or benefit of a U.S. Person;
- 5.2 it acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the U.S. Securities Act;
- 5.3 it acknowledges that the Company has not registered under the U.S. Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the U.S. Investment Company Act;
- 5.4 unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" as defined in section 3(3) of ERISA that is subject to Part 4 of subtitle B of fiduciary responsibility or prohibited transaction Title I of ERISA; (ii) a "plan" as defined in section 4975 of the U.S. Tax Code, including an individual retirement account, that is subject to section 4975 of the U.S. Tax Code; or (iii) an entity whose underlying assets include the assets of any such "employee benefit plan" or "plans" by reason of ERISA or the U.S. Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA (the "**Plan Assets Regulation**"), or otherwise (including certain insurance company general accounts) for the purposes of section 4.6 of ERISA or section 4975 of the U.S. Tax Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or section 4975 of the U.S. Tax Code, its purchase, holding, and disposition of the Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- 5.5 that if any Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

"FORESIGHT SUSTAINABLE FORESTRY COMPANY PLC (THE "**COMPANY**") HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES

WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS. FURTHER, NO PURCHASE, SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE UNLESS SUCH PURCHASE, SALE OR TRANSFER WILL NOT RESULT IN THE ASSETS OF THE COMPANY CONSTITUTING "PLAN ASSETS" WITHIN THE MEANING OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR THE PLAN ASSETS REGULATION;"

- 5.6 if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Shares, it will do so only in compliance with an exemption from the registration requirements of the U.S. Securities Act and under circumstances which: (a) will not require the Company to register under the U.S. Investment Company Act; and (b) will not result in the assets of the Company constituting "plan assets" within the meaning of ERISA or the Plan Assets Regulation;
- 5.7 it is purchasing the Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- 5.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the Shares or interests therein at any time as to such person's status under the U.S. federal securities laws and to require any such person that has not satisfied the Company that the holding of Shares by such person will not violate or require registration under the U.S. securities laws to transfer such Shares or interests in accordance with the Articles;
- 5.9 it is entitled to acquire the Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, Jefferies or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with its acceptance of participation in the Initial Placing and/or any Subsequent Placing (as the case may be);
- 5.10 it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Shares to or within the United States or to any U.S. Persons, nor will it do any of the foregoing; and
- 5.11 if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, the Investment Manager, Jefferies and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor must immediately notify the Company and Jefferies.

6 SUPPLY OF INFORMATION

If Jefferies, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Shares under the Initial Placing and/or Subsequent Placing, such Placee must promptly disclose it to them.

7 MONEY LAUNDERING

Each Placee acknowledges and agrees that:

- 7.1 in connection with its participation in the Initial Placing and/or the relevant Subsequent Placing (as the case may be) it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing (“**Money Laundering Legislation**”) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations in force in the United Kingdom; or (ii) subject to the Money Laundering Directive; or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 7.2 due to anti-money laundering requirements, Jefferies, the Investment Manager, the Registrar and the Company and/or their agents may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Jefferies, the Company and/or their agents may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Jefferies, the Company and/or their agents against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it or has not been provided on a timely basis.

8 DATA PROTECTION

- 8.1 Each Placee acknowledges that it has been informed that, pursuant to the DP Legislation, the Company and/or the Registrar will following Initial Admission or Admission (as the case may be), hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data will be retained on record for a period exceeding six years after it is no longer used (subject to any limitations on retention periods set out in applicable law). For the purposes of this Part 13 “**DP Legislation**” means any law applicable from time to time relating to the collecting and/or processing of personal data and/or privacy, as in force at the date of this document or as re-enacted, applied, amended, superseded, repealed or consolidated, including without limitation, the UK Data Protection Act 2018, the UK GDPR, the General Data Protection Regulation (EU) 2016/679 (as the case may be) and the Privacy and Electronic Communications (EC Directive) Regulations 2003, in each case including any legally binding regulations, directions and orders issued from time to time under or in connection with any such law.
- 8.2 The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company’s privacy notice (the “**Purposes**”) which is available for consultation on the Company’s website at [fsfc.foresightgroup.eu](https://www.fsfc.foresightgroup.eu) (the “**Privacy Notice**”) which include to:
 - (1) process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its respective service contracts, including as required by or in connection with the Placee’s holding of Shares, including processing personal data in connection with credit and anti-money laundering checks on it;
 - (2) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Shares;
 - (3) comply with the legal and regulatory obligations of the Company and/or the Registrar; and
 - (4) process its personal data for the Registrar’s internal administration.
- 8.3 Where necessary to fulfil the Purposes, the Company will disclose personal data to:
 - (1) third parties located either within, or outside of the United Kingdom, if necessary for the Registrar to perform its functions, or when it is within its legitimate interests, and in particular in connection with the holding of Shares; or

- (2) its affiliates, the Registrar or the Investment Manager and their respective associates, some of which may be located outside of the United Kingdom.
- 8.4 Any sharing of personal data between parties will be carried out in compliance with the DP Legislation and as set out in the Company's Privacy Notice.
- 8.5 By becoming registered as a holder of Shares a person becomes a data subject (as defined under DP Legislation). In providing the Registrar with information, the Placee hereby represents and warrants to the Company, the Registrar and the Investment Manager that: (i) it complies in all material aspects with its data controller obligations under DP Legislation, and in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice; and (ii) where consent is legally competent and/or required under DP Legislation the Placee has obtained the consent of any data subject to the Company and Registrar and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes).
- 8.6 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is a natural person he or she has read and understood the terms of the Company's Privacy Notice.
- 8.7 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is not a natural person it represents and warrants that:
- (1) it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company as a result of the Placee agreeing to subscribe for Shares under the Initial Placing or a Subsequent Placing; and
 - (2) the Placee has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.
- 8.8 Where the Placee acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Initial Placing and or the relevant Subsequent Placing (as the case may be):
- (1) comply with all applicable DP Legislation;
 - (2) take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
 - (3) if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
 - (4) it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the Placee to comply with the provisions set out above.

9 MISCELLANEOUS

- 9.1 The rights and remedies of the Company, the Investment Manager, Jefferies and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 9.2 On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All

documents provided in connection with the Initial Placing and/or any Subsequent Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

- 9.3 Each Placee agrees to be bound by the Articles once the Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or the relevant Subsequent Placing, have been acquired by the Placee. The contract to subscribe for Shares under the Initial Placing or relevant Subsequent Placing (as the case may be) and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Jefferies, the Company, the Investment Manager and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.
- 9.4 In the case of a joint agreement to subscribe for Shares under the Initial Placing or a Subsequent Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 9.5 Jefferies and the Company expressly reserve the right to modify the Initial Placing and/or any Subsequent Placing (including, without limitation, their timetable and settlement) at any time before allocations are determined. The Initial Placing and each Subsequent Placing is subject to the satisfaction of the conditions contained in the Placing and Offer Agreement and the Placing and Offer Agreement not having been terminated. Further details of the terms of the Placing and Offer Agreement are contained in paragraph 6.1 of Part 9 of this document.

PART 14

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

1 INTRODUCTION

Ordinary Shares are available under the Offer for Subscription at a price of 100 pence per Ordinary Share.

Applications must be made on the Application Form attached at the end of this document or otherwise published by the Company.

2 EFFECT OF APPLICATION

Applications under the Offer for Subscription must be for Ordinary Shares with a minimum subscription amount of £1,000 and thereafter in multiples of £100 or such lesser amount as the Company may determine (at its discretion). Multiple applications will be accepted.

3 OFFER TO ACQUIRE ORDINARY SHARES

By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:

- 3.1 offer to subscribe for such number of Ordinary Shares at 100 pence per Ordinary Share as may be purchased by the subscription amount specified in the box in section 1 on your Application Form (being a minimum of £1,000 and thereafter in multiples of £100; or such smaller number for which such application is accepted) on the terms, and subject to the conditions, set out in this document, including these Terms and Conditions of Application and the Articles;
- 3.2 agree that, in consideration of the Company agreeing that it will not, prior to the date of Initial Admission, offer for subscription any Ordinary Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus prior to Initial Admission) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to the Receiving Agent of your Application Form;
- 3.3 undertake to pay the subscription amount specified in the box in section 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company and Jefferies against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were received at your risk or direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest);
- 3.4 agree, that where on your Application Form a request is made for Ordinary Shares to be deposited into a CREST account (a "**CREST Account**"), (i) the Receiving Agent may in its absolute discretion amend the Application Form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your

remittance in cleared funds) and (ii) the Receiving Agent, the Company or Jefferies may authorise your financial adviser or whoever he or she may direct to send a document of title for, or credit your CREST Account in respect of, the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;

3.5 agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 3.4 above to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled or pursuant to paragraph 3.4 above (and any monies returnable to you) may be retained by the Receiving Agent:

- pending clearance of your remittance;
- pending investigation of any suspected breach of the warranties contained in paragraphs 7.2, 7.6, 7.13, 7.14 or 7.15 below or any other suspected breach of these Terms and Conditions of Application; or
- pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the Money Laundering Regulations and any other regulations applicable thereto,

and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;

3.6 agree, on the request of the Receiving Agent to disclose promptly in writing to them such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which they may consider appropriate;

3.7 agree that if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefor, the Receiving Agent or the Company may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were first received, at your risk and without interest of any proceeds of the payment accompanying the application or direct to the bank account of the bank or building society on which the relevant cheque or banker's draft was drawn;

3.8 agree that you are not applying on behalf of a person engaged in money laundering;

3.9 undertake to ensure that, in the case of an application signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or a bank) is enclosed with your Application Form together with full identity documents for the person so signing;

3.10 undertake to pay interest at the rate described in paragraph 4 below if the remittance accompanying your Application Form is not honoured on first presentation;

3.11 authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed the relevant payment method box in section 1 on your Application Form, but subject to paragraph 3.4 above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable without payment of interest (at your risk) either as a cheque by first class post to the address completed in section 2 on the Application Form or return funds direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn;

3.12 confirm that you have read and complied with paragraph 9 below;

3.13 agree that all subscription cheques and payments will be processed through a bank account in the name of "**CIS PLC re: Foresight OFS a/c**" opened by the Receiving Agent;

- 3.14 agree that your Application Form is addressed to the Company and the Receiving Agent;
- 3.15 agree that your application must be for a whole number of Ordinary Shares and the number of Ordinary Shares issued to you will be rounded down to the nearest whole number;
- 3.16 acknowledge that the offer to the public of Ordinary Shares is being made only in the United Kingdom and represent that you are a United Kingdom resident (unless you are able to provide such evidence as the Company may, in its absolute discretion, require that you are entitled to apply for Ordinary Shares); and
- 3.17 agree that any application may be rejected in whole or in part at the sole discretion of the Company.

4 ACCEPTANCE OF YOUR OFFER

The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by notifying the FCA via a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis).

The basis of allocation will be determined by the Company in consultation with Jefferies. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of Application.

Payments must be in Sterling and paid by cheque or bankers' draft, electronic bank transfer or delivery versus payment in accordance with this paragraph 4. Fractions of Ordinary Shares will not be issued.

The Receiving Agent will present all cheques and bankers' drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payments.

For applicants sending subscription monies by electronic bank transfer (CHAPs), payment must be made for value by no later than 11:00 a.m. on 18 November 2021.

Should you wish to apply for Ordinary Shares by delivery versus payment method ("**DVP**"), you will need to match your instructions to the Receiving Agent's Participant Account 3RA43 by no later than 11:00 a.m. on 18 November 2021, allowing for the delivery and acceptance of your Ordinary Shares to your CREST account against payment of the Issue Price in Sterling through the CREST system upon the settlement date, following the CREST matching criteria set out in the Application Form.

The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 4 per cent. per annum.

Except as provided below, payments may be made by cheque or banker's draft drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or that has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or bankers' drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of an individual applicant where they have sole or joint title to the funds, must be made payable to "**CIS PLC re: Foresight OFS a/c**" opened by the Receiving Agent. Third party cheques may not be accepted with the exception of building society cheques or

bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping/endorsing the cheque or banker's draft to that effect or have provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Application Form.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 11.00 a.m. on 18 November 2021. Applicants should send payment to the relevant bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

Payments by CHAPS must be accompanied by a personalised payment reference number which may be obtained by contacting the Receiving Agent directly by email at foresightofs@computershare.co.uk. The Receiving Agent will then provide you with a unique reference number which must be used when sending payment.

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to the Receiving Agent's Participant Account 3RA43, by no later than 11.00 a.m. on 18 November 2021, allowing for the delivery and acceptance of the Ordinary Shares to be made against payment of the Issue Price per Ordinary Share, following the CREST matching criteria set out in the Application Form.

5 CONDITIONS

The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

- Initial Admission occurring by 8.00 a.m. (London time) on 24 November 2021 or such later time or date as the Company, the Investment Manager and Jefferies may agree (being not later than 8.00 a.m. on 10 December 2021);
- the Placing and Offer Agreement becoming otherwise unconditional (save as to Initial Admission) and not being terminated in accordance with its terms at any time before Initial Admission; and
- the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager and Jefferies may agree) being raised.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

6 RETURN OF APPLICATION MONIES

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest (at the applicants' risk) either by first class post as a cheque to the address set out on the Application Form or returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

7 WARRANTIES

By completing an Application Form, you:

- 7.1 undertake and warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or a bank;
- 7.2 warrant, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any

issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, the Investment Manager, Jefferies or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the United Kingdom in connection with the Offer for Subscription in respect of your application;

- 7.3 confirm that (save for advice received from your financial adviser (if any)) in making an application you are not relying on any information or representations in relation to the Company other than those contained in this document and any supplementary prospectus published prior to Initial Admission (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this document or such supplementary prospectus or any part thereof shall have any liability for any such other information or representation;
- 7.4 agree that, having had the opportunity to read this document and the Key Information Document relating to the Ordinary Shares each in its entirety, you shall be deemed to have had notice of all information and representations contained in this document and the Key Information Document relating to the Ordinary Shares;
- 7.5 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Manager, Jefferies or the Receiving Agent;
- 7.6 warrant that you are not under the age of 18 on the date of your application;
- 7.7 agree that all documents and monies sent by post to, by, from or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first named holder) as set out in your Application Form;
- 7.8 confirm that you have reviewed the restrictions contained in paragraph 9 below and warrant that you (and any person on whose behalf you apply) comply with the provisions therein;
- 7.9 agree that, in respect of those Ordinary Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- 7.10 agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company or the Receiving Agent to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- 7.11 irrevocably authorise the Company or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- 7.12 agree to provide the Company with any information which it, Jefferies or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time-to-time) including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations;
- 7.13 warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the

Company, the Investment Manager, Jefferies or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;

- 7.14 represent and warrant to the Company that: (i) you are not a U.S. Person, are not located within the United States and are not acquiring the Ordinary Shares for the account or benefit of a U.S. Person; (ii) you are acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S; (iii) you understand and acknowledge that the Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons; and (iv) you understand and acknowledge that the Company has not registered and will not register as an investment company under the U.S. Investment Company Act;
- 7.15 represent and warrant to the Company that if in the future you decide to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, you will do so only: (i) in an offshore transaction complying with the provisions of Regulation S under the U.S. Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person, by pre-arrangement or otherwise, or (ii) to the Company or a subsidiary thereof. You understand and acknowledge that any sale, transfer, assignment, pledge or other disposal made other than in compliance with the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- 7.16 agree that Jefferies and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or be responsible to you for the protections afforded to their customers;
- 7.17 warrant that you are not subscribing for the Ordinary Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the Ordinary Shares;
- 7.18 warrant that the information contained in the Application Form is true and accurate; and
- 7.19 agree that if you request that Ordinary Shares are issued to you on a date other than Initial Admission and such Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Ordinary Shares on a different date.

8 MONEY LAUNDERING

You agree that, in order to ensure compliance with the Money Laundering Regulations, the Proceeds of Crime Act 2002 and any other applicable regulations, the Receiving Agent may at its absolute discretion require verification of identity of you (the “**holder(s)**”) as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:

- the owner(s) and/or controller(s) (the “**payor**”) of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker’s draft or cheque; or
- where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons.

Any delay or failure to provide the necessary evidence of identity may result in your application being rejected or delays in crediting CREST accounts or the despatch of documents.

Without prejudice to the generality of this paragraph 8, verification of the identity of holders and payors will be required if the value of the Ordinary Shares applied for, whether in one or more applications considered to be connected, exceeds €10,000 (or the Sterling equivalent). If you use a building society cheque or banker’s draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker’s draft and adds its stamp.

If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and the payor an original or a copy of that person's passport or driving licence certified by a solicitor and an original or certified copy of the following no more than three months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressees' risk) together with a signed declaration as to the relationship between the payor and you the holder.

For the purpose of the Money Laundering Regulations a person making an application for Ordinary Shares will not be considered as forming a business relationship with the Company or the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent. Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Receiving Agent from the applicant that the Money Laundering Regulations will not be breached by the application of such remittance.

The person(s) submitting an application for Ordinary Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s). Whilst the Receiving Agent may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is €10,000 (or the Sterling equivalent).

9 NON-UNITED KINGDOM INVESTORS

The Offer for Subscription is only being made in the United Kingdom. If you receive a copy of this document or an Application Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the United Kingdom and wish to make an application for Ordinary Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

None of the Ordinary Shares have been or will be registered under the laws of Canada, Japan, Australia, the Republic of South Africa or under the U.S. Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States, Canada, Japan, Australia or the Republic of South Africa. If you subscribe for Ordinary Shares you will, unless the Company and the Receiving Agent agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a U.S. Person or a resident of Canada, Japan, Australia, the Republic of South Africa or a corporation, partnership or other entity organised under the laws of the U.S. or Canada (or any political subdivision of either) or Japan or Australia or the Republic of South Africa and that you are not subscribing for such Ordinary Shares for the account of any U.S. Person or resident of Canada, Japan, Australia or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into the United States, Canada, Japan, Australia or the Republic of South Africa or to any U.S. Person or person resident in Canada, Japan, Australia or the Republic of South Africa. No application will be accepted if it shows the applicant, payor or a holder having an address other than in the United Kingdom.

10 DATA PROTECTION

Each applicant acknowledges that it has been informed that, pursuant to the DP Legislation the Company and/or the Registrar will following Initial Admission, hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data will be retained on record for a period exceeding six years after it is no longer used (subject to any limitations on retention periods set out in applicable law). For the purposes of this Part 14, "DP Legislation" means any law applicable from time to time relating to the collecting and/or

processing of personal data and/or privacy, as in force at the date of this document or as re-enacted, applied, amended, superseded, repealed or consolidated, including without limitation, the UK Data Protection Act 2018, the UK GDPR, the General Data Protection Regulation (EU) 2016/679 (as the case may be) and the Privacy and Electronic Communications (EC Directive) Regulations 2003, in each case including any legally binding regulations, directions and orders issued from time to time under or in connection with any such law.

The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company's privacy notice (the "**Purposes**") which is available for consultation on the Company's website at fsfc.foresightgroup.eu (the "**Privacy Notice**") which include to:

- (1) process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its respective service contracts, including as required by or in connection with the applicant's holding of Ordinary Shares, including processing personal data in connection with credit and anti-money laundering checks on it;
- (2) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
- (3) comply with the legal and regulatory obligations of the Company and/or the Registrar; and
- (4) process its personal data for the Registrar's internal administration.

10.2 Where necessary to fulfil the Purposes, the Company will disclose personal data to:

- (1) third parties located either within, or outside of the United Kingdom, if necessary for the Registrar to perform its functions, or when it is within its legitimate interests, and in particular in connection with the holding of Ordinary Shares; or
- (2) its affiliates, the Registrar or the Investment Manager and their respective associates, some of which may be located outside of the United Kingdom.

10.3 Any sharing of personal data between parties will be carried out in compliance with the DP Legislation and as set out in the Company's Privacy Notice.

10.4 By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined under DP Legislation). In providing the Registrar with information, the applicant hereby represents and warrants to the Company, the Registrar and the Investment Manager that: (i) it complies in all material aspects with its data controller obligations under DP Legislation, and in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice; and (ii) where consent is legally competent and/or required under DP Legislation the applicant has obtained the consent of any data subject to the Company and Registrar and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes).

10.5 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is a natural person he or she has read and understood the terms of the Company's Privacy Notice.

10.6 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is not a natural person it represents and warrants that:

- (1) it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the applicant may act or whose personal data will be disclosed to the Company as a result of the applicant agreeing to subscribe for Ordinary Shares under the Offer for Subscription; and
- (2) the applicant has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.

10.7 Where the applicant acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Offer for Subscription:

- (1) comply with all applicable DP Legislation;
- (2) take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
- (3) if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
- (4) it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the applicant to comply with the provisions set out above.

11 MISCELLANEOUS

To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Offer for Subscription.

The rights and remedies of the Company, the Investment Manager, Jefferies and the Receiving Agent under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.

The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 11.00 a.m. on 18 November 2021. In that event, the new closing time and/or date will be notified to applicants via an RIS.

The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Initial Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest.

You agree that Jefferies and the Receiving Agent are acting for the Company in connection with the Initial Issue and for no-one else, and that none of Jefferies nor the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or otherwise in relation to the Initial Issue or for providing the protections afforded to their customers.

Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as where used in the document.

APPENDIX 1 – APPLICATION FORM

For official use only

Application form for the Offer for Subscription

FORESIGHT SUSTAINABLE FORESTRY COMPANY PLC

Important: before completing this form, you should read the accompanying notes.

To: Foresight Sustainable Forestry Company Plc

C/o Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6AH

1 Application

I/We the person(s) detailed in section 2 below offer to subscribe for the amount shown in the box in section 1 subject to the Terms and Conditions set out in Part 14 of the prospectus dated 28 October 2021 and subject to the Articles of the Company.

In the box in this section 1 (write in figures, the aggregate value, at the Issue Price (being 100 pence per Ordinary Share), of the Ordinary Shares that you wish to apply for – a minimum of £1,000 and thereafter in multiples of £100).

Payment Method (Tick appropriate box)

Cheque / Banker's draft

Bank transfer

CREST Settlement (DvP)

2 Details of Holder(s) in whose name(s) Ordinary Shares will be issued (BLOCK CAPITALS)

Mr, Mrs, Miss or Title.....

Forenames (in full).....

Surname/Company Name

Address (in full)

Designation (if any).....

Date of Birth

Mr, Mrs, Miss or Title.....

Forenames (in full).....

Surname

Date of Birth

Mr, Mrs, Miss or Title.....

Forenames (in full).....

Surname

Date of Birth

Mr, Mrs, Miss or Title.....

Forenames (in full).....

Surname

Date of Birth



3 CREST details

(Only complete this section if Ordinary Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in section 2).

CREST Participant ID:

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CREST Member Account ID:

--	--	--	--	--	--	--	--

4 Signature(s) – all holders must sign

Execution by individuals:

First Applicant Signature		Date	
Second Applicant Signature		Date	
Third Applicant Signature		Date	
Fourth Applicant Signature		Date	

Execution by a Company:

Executed by (Name of company):		Date	
Name of Director:		Signature:	Date
Name of Director/Secretary:		Signature:	Date
If you are affixing a company seal, please mark a cross here:		Affix Company Seal here:	

5 Settlement details

(a) Cheque/Banker's Draft

If you are subscribing for Ordinary Shares and paying by cheque or banker's draft, attach to this form your cheque or banker's draft for the exact amount shown in the box in section 1. Cheques or bankers' drafts must be made payable to "**CIS PLC re: Foresight OFS a/c**". Cheques and bankers' drafts must be drawn on an account at a branch of a bank or building society in the United Kingdom and must bear the appropriate sort code in the top right hand corner. You should tick the relevant payment method box in section 1.

(b) Bank transfer

For applicants sending subscription monies by electronic bank transfer (CHAPs), payment must be made for value by 11.00 a.m. on 18 November 2021. Applicants wishing to make a CHAPs payment should contact the Receiving Agent stating "FORESIGHT OFS 2021" by email at foresightofs@computershare.co.uk for full bank details or telephone the shareholder helpline on +44 (0)370 707 1231 for further information. Applicants will be provided with a unique reference number which must be used when making the payment.

Electronic payments must come from a UK bank account and from a personal account in the name of the individual applicant where they have sole or joint title to the funds. The account name should be the same as that inserted below and payments must relate solely to your Application. You should tick the relevant payment method box in section 1. It is recommended that such transfers are actioned within 24 hours of posting your application.

Sort Code:	Account name:
Account Number:	Contact name at branch and telephone number

Evidence of the source of funds may also be required. Typically this will be a copy of the remitting bank account statement clearly identifying the applicant's name, the value of the debit (equal to the application value) and the crediting account details or application reference. A photocopy of the transaction can be enclosed with your application or a pdf copy can also be scanned and emailed to foresightofs@computershare.co.uk. Photographs of the electronic transfer are not acceptable.

Any delay in providing monies may affect acceptance of the application. If the Receiving Agent is unable to match your application with a bank payment, there is a risk that your application could be delayed or will not be treated as a valid application and may be rejected by the Company and/or the Receiving Agent.

Please Note – you should check with your bank regarding any limits imposed on the level and timing of transfers allowed from your account (for example, some banks apply a maximum transaction or daily limit, and you may need to make the transfer as more than one payment).

The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference or where a payment has been received but without an accompanying application form.

(c) *CREST Settlement*

If you so choose to settle your application within CREST, that is by DvP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share using the CREST matching criteria set out below:

Trade date:	23 November 2021
Settlement date:	24 November 2021
Company:	FORESIGHT SUSTAINABLE FORESTRY COMPANY PLC
Security description:	Ordinary Shares of £0.01
SEDOL:	BMDPKM7
ISIN:	GB00BMDPKM71
CREST message type:	DEL

Should you wish to settle by DvP, you will need to input your CREST DEL instructions to the Receiving Agent's Participant Account 3RA43 by no later than 11.00 a.m. on 18 November 2021.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle by DvP will still need to complete and submit a valid Application Form by 11.00 a.m. on 18 November 2021. You should tick the relevant payment method box in section 1.

Note: The Receiving Agent will not take any action until a valid DEL message has been alleged to the Participant Account by the applicant. No acknowledgement of receipt or input will be provided.

In the event of late/non settlement the Company reserves the right to deliver Ordinary Shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer for Subscription have been satisfied.



6 Anti-money Laundering

Anti-money laundering checks are required by law to be performed on certain financial transactions. The checks are undertaken to make sure investors are genuinely who they say they are and that any application monies have not been acquired illegally or that the Receiving Agent itself is not being used as part of criminal activity, most commonly the placement, layering and integration of illegally obtained money.

Whilst the Receiving Agent may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is €10,000 (or the Sterling equivalent).

The Receiving Agent will make enquiries to credit reference agencies to meet its anti-money laundering obligations and the applicant may be required to provide an original or certified copy of their passport, driving licence and recent bank statements to support such enquiries. Anti-money laundering checks do not mean the investor is suspected of anything illegal and there is nothing to worry about.

The checks made at credit reference agencies leave an ‘enquiry footprint’ – an indelible record so that the investor can see who has checked them out. The enquiry footprint does not have any impact on their credit score or on their ability to get credit. Anti-Money Laundering Checks appear as an enquiry/soft search on the applicant’s credit report. The report may contain a note saying “Identity Check to comply with Anti Money Laundering Regulations”.

The Receiving Agent reserves the right to request any further additional information it deems necessary to confirm the identity, address, source of funds and wealth of all parties, and further it reserves the right to decline an application for any individual or business where it considers that the information available is unsuitable or unreliable.

If at any time the Company has reasonable grounds for suspecting that the funds contributed to the Company may represent the proceeds of crime, it reserves the right to refuse to issue Ordinary Shares or pay income or dividends on Ordinary Shares to the applicant or investor until sufficient information has been supplied to satisfy the Receiving Agent’s anti-money laundering requirements. To the extent that the applicant or, where relevant, the beneficial owner has been identified as a politically exposed person or an associate of a politically exposed person, the Receiving Agent may request additional information. These requirements apply both at the time of investment and on an ongoing basis.

7 Contact details

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Company (or any of its agents) may contact with all enquiries concerning this application. If no details are provided this may delay obtaining the additional information required and may result in your application being rejected or revoked.

E-mail address
Telephone No

8 Queries

If you have any queries on how to complete this form or if you wish to confirm your final allotment of shares, please call the Computershare helpline on +44 (0)370 707 1231. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare cannot provide any financial, legal or tax advice.

Notes on how to complete the Offer for Subscription Application Form

Applications should be returned to be received by the Receiving Agent no later than 11.00 a.m. on 18 November 2021.

Helpline: If you have a query concerning the completion of this Application Form, please telephone Computershare on +44 (0)370 707 1231. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

1 Application

Fill in (in figures) in the box in section 1 the aggregate value, at the Issue Price (being 100 pence per Ordinary Share), of the Ordinary Shares being subscribed for. The value must be a minimum of £1,000, and thereafter in multiples of £100.

Financial intermediaries who are investing on behalf of clients should make separate applications for each client.

2 Payment method

Mark in the relevant box in section 1 to confirm your payment method, i.e. cheque/banker's draft, bank transfer or settlement via CREST.

3 Holder details

Fill in (in block capitals) the full name(s) of each holder and the address of the first named holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Application Form in section 4.

4 CREST

If you wish your Ordinary Shares to be deposited in a CREST account in the name of the holders given in section 2, enter in section 3 the details of that CREST account. Where it is requested that Ordinary Shares be deposited into a CREST account, please note that payment for such Ordinary Shares must be made prior to the day such Ordinary Shares might be allotted and issued, unless settling by DvP in CREST.

5 Signature

All holders named in section 2 must sign section 4 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated, and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

6 Settlement details

(a) Cheque/Banker's draft

All payments by cheque or banker's draft must accompany your application and be for the exact amount inserted in the box in section 1 of the Application Form. Your cheque or banker's draft must be made payable to "**CIS PLC re: Foresight OFS a/c**", in respect of an application and crossed "**A/C Payee Only**". Applications accompanied by a post-dated cheque will not be accepted.

Cheques or bankers' drafts must be drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of



the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner.

Third party cheques may not be accepted, with the exception of building society cheques or bankers' drafts where the building society or bank has inserted on the back of the cheque the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the current shareholder or prospective investor. Please do not send cash. Cheques or bankers' drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and bankers' drafts to allow the Company to obtain value for remittances at the earliest opportunity.

(b) *Bank transfer*

For applicants sending subscription monies by electronic bank transfer (CHAPs), payment must be made for value by 11.00 a.m. on 18 November 2021. Applicants wishing to make a CHAPs payment should contact the Receiving Agent quoting "FORESIGHT OFS 2021" by email at foresightofs@computershare.co.uk for full bank details or telephone the shareholder helpline on +44 (0)370 707 1231 for further information. Applicants will be provided with a unique reference number which must be used when making the payment.

Electronic payments must come from a UK bank account and from a personal account in the name of the individual applicant where they have sole or joint title to the funds. The account name should be the same as that inserted in section 5(b) of the Application Form and payments must relate solely to your Application. You should tick the relevant payment method box in section 1. It is recommended that such transfers are actioned within 24 hours of posting your application.

Evidence of the source of funds may also be required. Typically this will be a copy of the remitting bank account statement clearly identifying the applicant's name, the value of the debit (equal to the application value) and the crediting account details or application reference. A photocopy of the transaction can be enclosed with your application or a pdf copy can also be scanned and emailed to foresightofs@computershare.co.uk. Photographs of the electronic transfer are not acceptable.

Any delay in providing monies may affect acceptance of the application. If the Receiving Agent is unable to match your application with a bank payment, there is a risk that your application could be delayed or will not be treated as a valid application and may be rejected by the Company and/or the Receiving Agent.

Please Note – you should check with your bank regarding any limits imposed on the level and timing of transfers allowed from your account (for example, some banks apply a maximum transaction or daily limit, and you may need to make the transfer as more than one payment).

The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference or where a payment has been received but without an accompanying application form.

(c) *CREST settlement*

The Company will apply for the Ordinary Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Initial Admission (being the settlement date). Accordingly, settlement of transactions in the Ordinary Shares will normally take place within the CREST system.

The Application Form contains details of the information which the Company's Receiving Agent will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for the Receiving Agent to match to your CREST account, the Receiving Agent will deliver your Ordinary Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Ordinary Shares in certificated form should the Company, having consulted with the Receiving Agent, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by the Receiving Agent in connection with CREST.

The person named for registration purposes in your Application Form must be: (a) the person procured by you to subscribe for or acquire the Ordinary Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither the Receiving Agent nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. You will need to input the delivery versus payment (“DvP”) instructions into the CREST system in accordance with your application. The input returned by you or your settlement agent/custodian of a matching or acceptance instruction to our CREST input will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Issue Price in Sterling through the CREST system upon the settlement date.

By returning your Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian’s CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 11.00 a.m. on 18 November 2021 against payment of the Issue Price. Failure by you to do so will result in you being charged interest at the rate of two percentage points above the then published bank base rate of a clearing bank selected by the Receiving Agent.

If you so choose to settle your application within CREST, that is by DvP, you or your settlement agent/custodian’s CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share using the following CREST matching criteria set out below:

Trade date:	23 November 2021
Settlement date:	24 November 2021
Company:	FORESIGHT SUSTAINABLE FORESTRY COMPANY PLC
Security description:	Ordinary Shares of £0.01
SEDOL:	BMDPKM7
ISIN:	GB00BMDPKM71
CREST message type:	DEL

Should you wish to settle by DvP, you will need to input your CREST DEL instructions to the Receiving Agent’s Participant Account 3RA43 by no later than 11.00 a.m. on 18 November 2021.

You must also ensure that you or your settlement agent/custodian has a sufficient “debit cap” within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle by DvP will still need to complete and submit a valid Application Form by 11.00 a.m. on 18 November 2021. You should tick the relevant payment method box in section 1.

Note: The Receiving Agent will not take any action until a valid DEL message has been alleged to the Participant Account by the applicant.

No acknowledgement of receipt or input will be provided.

In the event of late/non settlement the Company reserves the right to deliver Ordinary Shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer for Subscription have been satisfied.





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