



Foresight
SUSTAINABLE
FORESTRY
COMPANY PLC

**Foresight Sustainable
Forestry Company Plc**

An introduction



Co-lead Fund Managers



Robert Guest

Co-lead, Foresight Sustainable Forestry Company Plc

- Joined Foresight in 2015 and is a Managing Director at Foresight Group
- More than 16 years' experience in finance with 13 of those in sustainable real asset investment
- Experienced in greenfield project development
- Responsible for fund strategic direction, deal origination, portfolio construction and management



Richard Kelly

Co-lead, Foresight Sustainable Forestry Company Plc

- Joined Foresight in 2015 and is a Managing Director at Foresight Group
- More than 16 years' experience in finance
- Successfully originated and launched 4 innovative fund strategies (attracting >£1.5 billion of investment)
- Responsible for fund strategic direction, deal origination, portfolio construction and management

UK's timber supply shortage presents a compelling investment opportunity

Why UK Afforestation and Forestry?

- **Global timber supply deficit**, forecast to triple by 2050
- **Amplified in the UK**, as one of Europe's least forested countries and the world's largest timber importers
- Long term structural imbalance (trees take c.35 years to reach maturity) presents **compelling capital appreciation opportunity**
- **Inflation beating** characteristics and **low / negative correlations** to traditional asset classes
- **Net carbon negative** and sustainable alternative to fossil fuel intensive materials (e.g. steel, cement)

Why Now?

- Global recognition of **climate change emergency**
- Rapid expansion of high integrity **corporate net zero** pledges
- Demand for voluntary carbon credits forecast to increase by up to **100X by 2050**
- Government planting targets and **grants** available for UK afforestation
- **Brexit** and the phase out of the Basic Payment Scheme ("BPS") is rapidly changing rural land use

Why FSF can deliver returns to shareholders

Why Foresight?

- Experienced team with **track record** of **delivering returns** in forestry and natural capital
- Exclusive access to **Foresight's proprietary pipeline** of acquisition opportunities
- Highly **scalable afforestation** land procurement and development model
- Execution of timber and carbon strategies to **maximise capital appreciation** of portfolio
- Innovative **industry leader** with natural capital approach to sustainability and ESG, investment and management



FSF is the LSE's first and only fund focused on UK forestry and natural capital

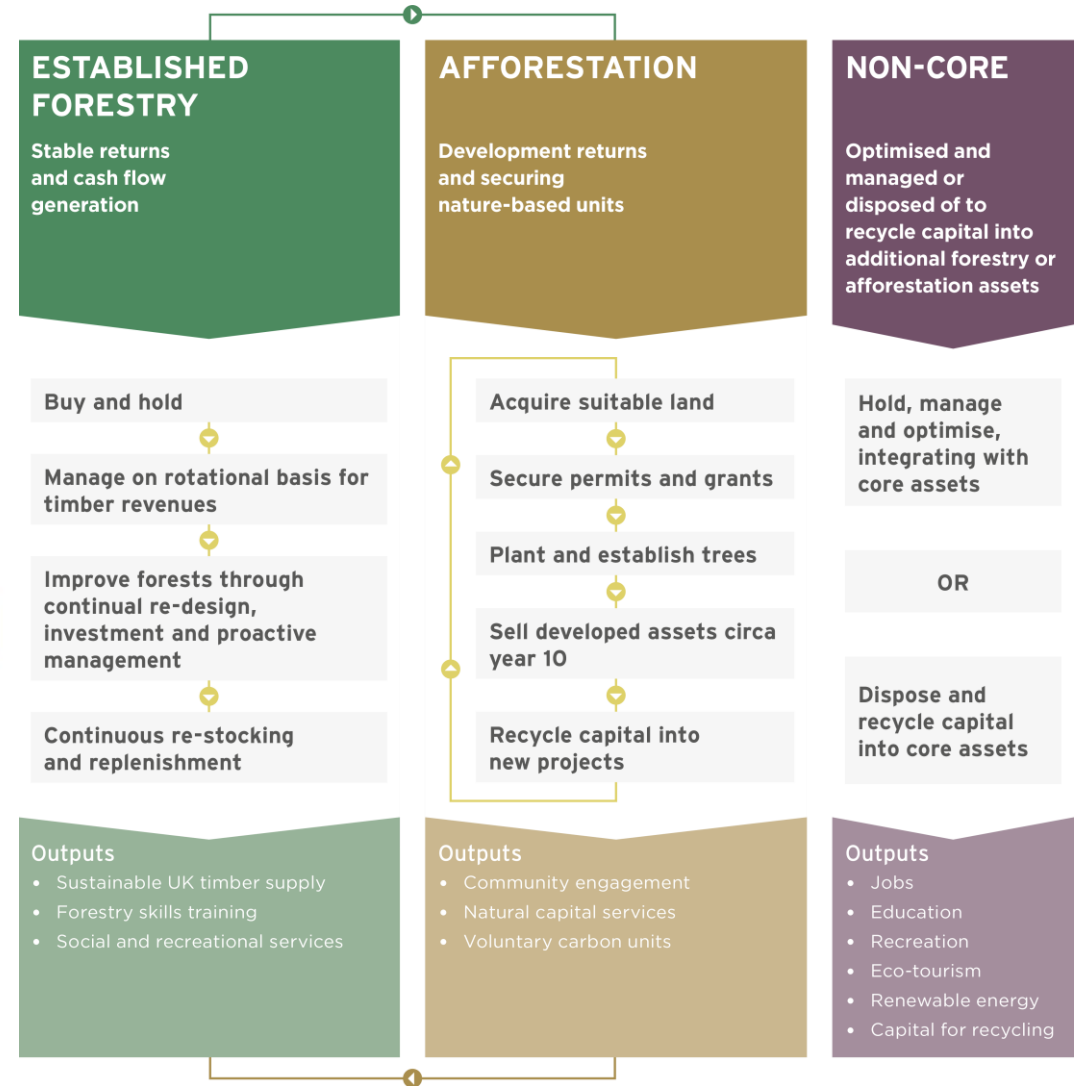
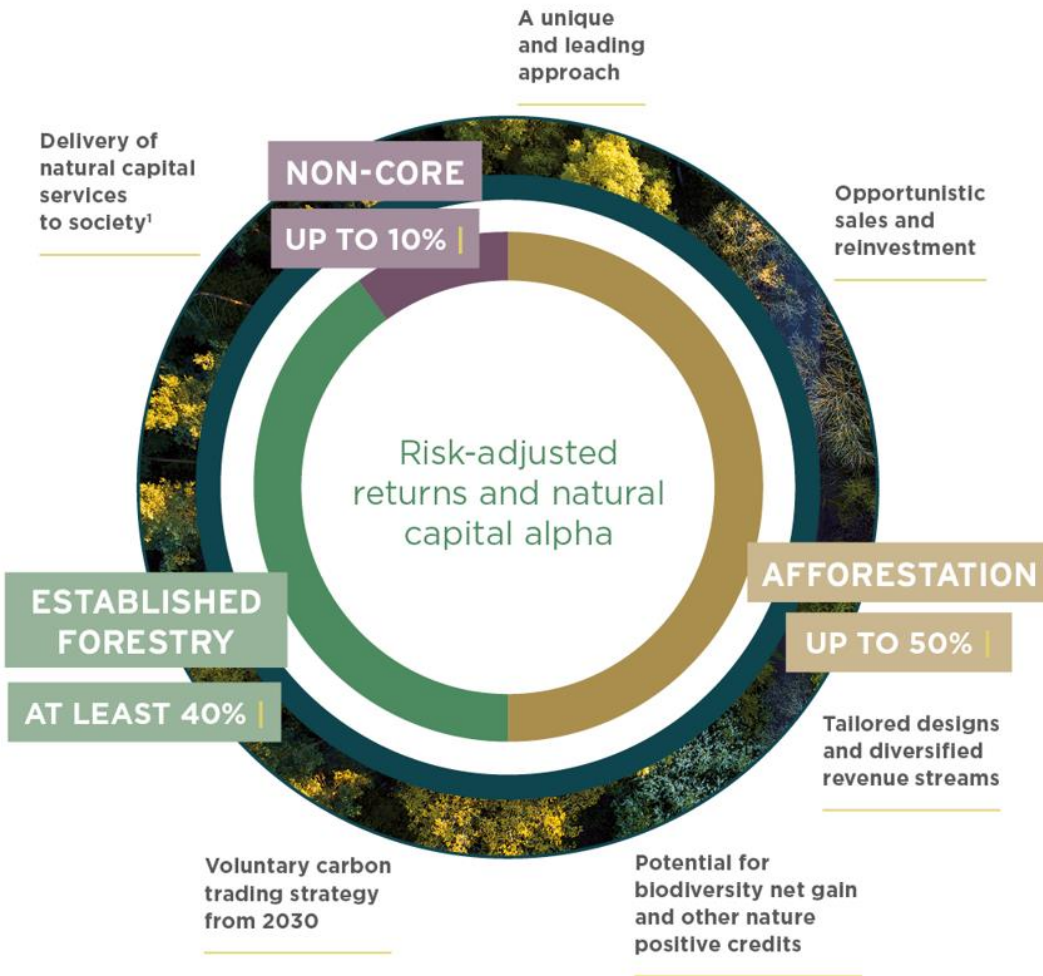
Offering investors direct liquid access to an asset class with high barriers to entry

- Invests in a portfolio of UK **forestry and afforestation** assets to increase the UK's sustainable timber supply
- Targets a total return of **more than CPI + 5%** (measured over a 5 year average timeframe)
- Provides diversifying risk adjusted asset-backed returns from **capital appreciation, carbon** credits and **sustainable timber** sales
- Offers **exceptional sustainability and ESG**, with direct contributions to the fight against climate change, the protection of biodiversity and the delivery of positive social outputs



Fordie Estates, 2,150-hectare mixed afforestation and forestry asset located in Scotland

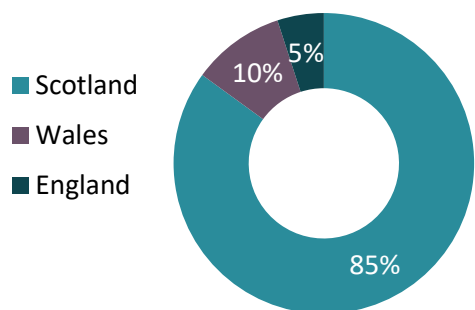
FSF business model is designed to maximise risk-adjusted natural capital returns



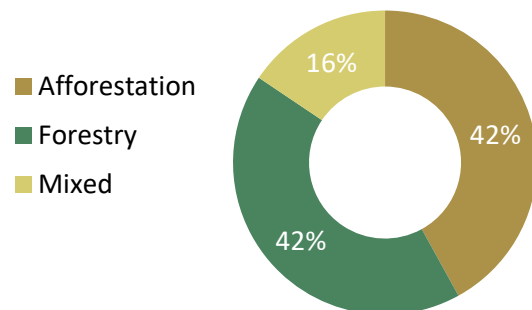
A carefully constructed and diversified forestry and natural capital portfolio

65 properties; 36 afforestation, 25 forestry and 4 mixed properties extending over 11,743 hectares (31 March 2023)

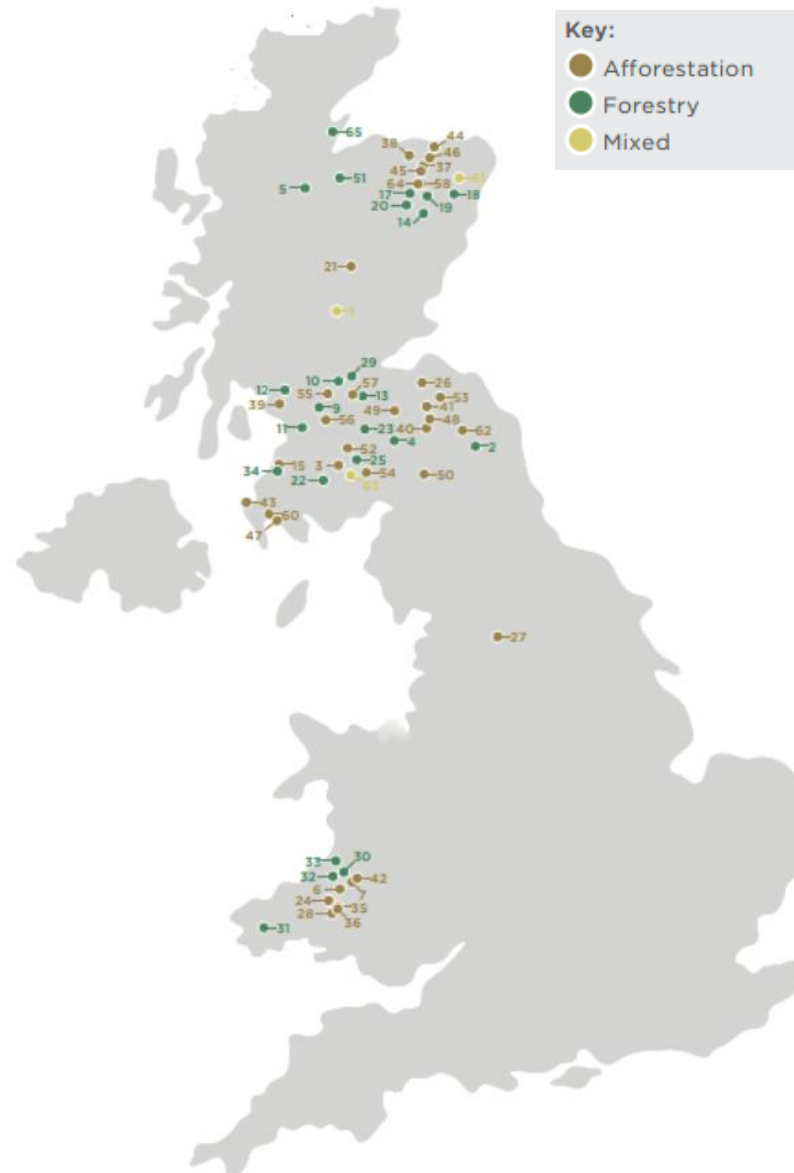
Domicile split by value



Total portfolio split by value



Asset classification	Hectares
Development Stage Afforestation Assets	3,430
Planting Stage Afforestation Assets	-
Establishment Stage Afforestation Assets	690
Established Forest Assets	5,772
Other Land	1,851
Total	11,743



1.5 million trees planted at six newly created forests since IPO

FSF's afforestation portfolio is equivalent to one third of last year's UK tree planting achievements

Planting

- **c.1.5 million** trees at six afforestation properties since IPO
- **Six** newly planted properties are forecast to produce an estimated **289,500 tonnes** of sustainable timber
- Current afforestation portfolio will see **4,120 hectares** of land planted (**c.9 millions trees**) between 2023 and 2025

Harvesting

- FSF sold **6,400 tonnes** of timber
- **c.117,000 tonnes** of mature timber 'on-the-stump'
- FSF will continue to monitor timber pricing and bring more substantial volumes to market when trading conditions are more favourable



Ground preparation mounding

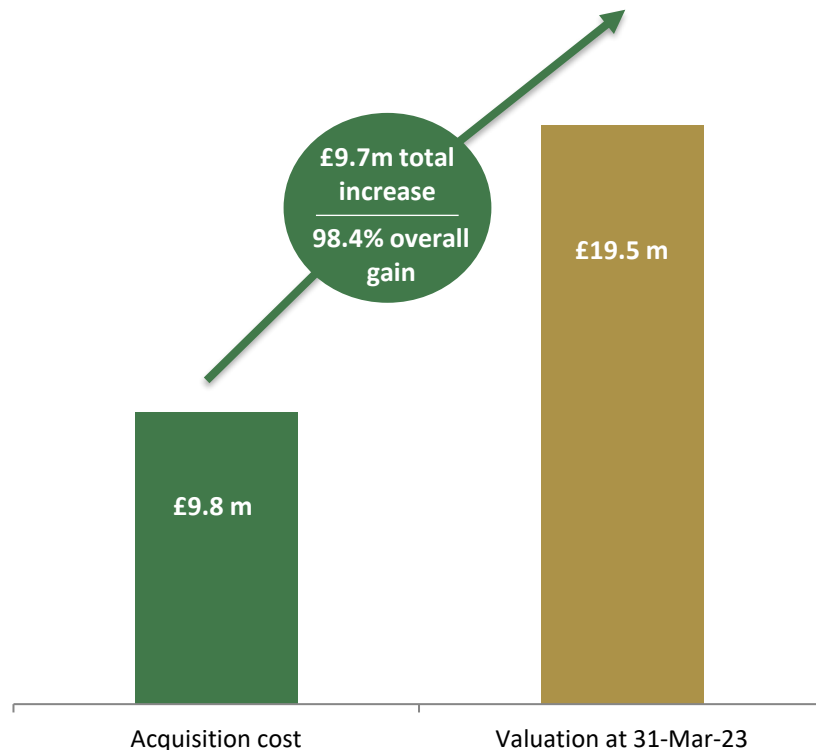


A sapling following planting

Afforestation development is the reliable 'engine room' of returns

FSF has successfully demonstrated that its afforestation business model delivers strong capital appreciation

FSF's Afforestation Development Gains



- FSF has delivered a weighted average return uplift of 98.4% on the first six planted afforestation schemes
- Returns on the planted properties have been delivered in an otherwise stable forestry market, highlighting the value created in the development process
- Properties take 1-2 years from point of acquisition to be successfully developed
- FSF has a skilled team who guide them through the complexity of:
 - Community engagement
 - Design
 - Planning permission
 - Grant funding
 - Budget/capex management
 - Procurement, contracting and planting processes
 - Carbon credit application process

FSF has a further 34 afforestation schemes under development

Introduction to voluntary carbon credits

FSF's current afforestation portfolio is on track to produce 1 million high-integrity carbon credits



The planting of trees removes carbon from the atmosphere



For every 1 metric ton of carbon removed from the atmosphere, 1 carbon credit is granted



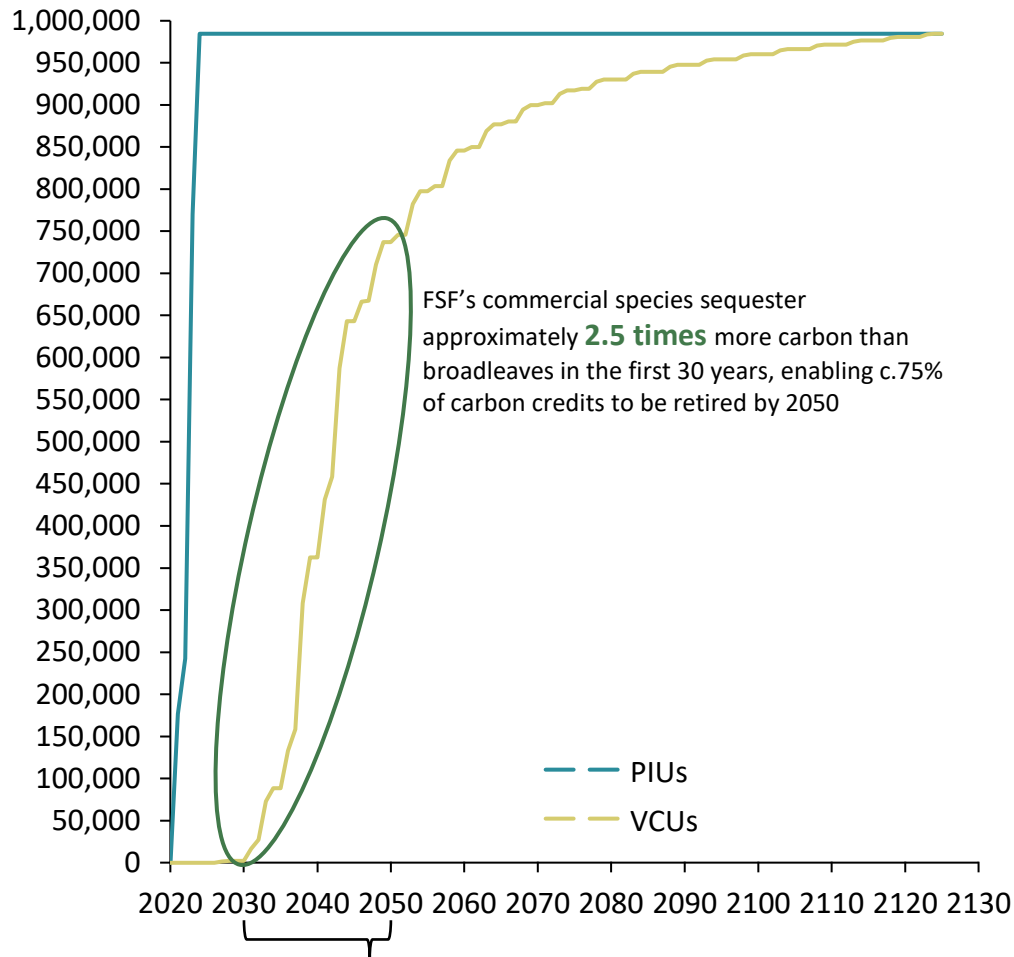
Carbon credits can sold / distributed to companies



Companies “retire” credits to offset emissions else where to achieve climate pledges (e.g. net neutral, net zero)

c.75% of FSF's carbon credits support Net Zero 2050

FSF's first wave portfolio of Carbon Credits¹



FSF's Carbon Credit Offering:

- **The Power to Choose:** Investors will be given the choice to either elect to take aperiodic voluntary carbon credit distributions “in kind”, or, by default receive aperiodic cash dividends from the net proceeds from the sale of the Company’s voluntary carbon credits.
- **No Minimum Shareholding.** Investors with any shareholding in FSF, will have the option to elect to receive in-specie carbon credit distributions.
- **Timing to Coincide with FSF Shareholders’ Net Zero 2050 Goals:** The distribution and / or sale of FSF’s voluntary carbon credits from the current portfolio is expected to occur between 2030 and 2050

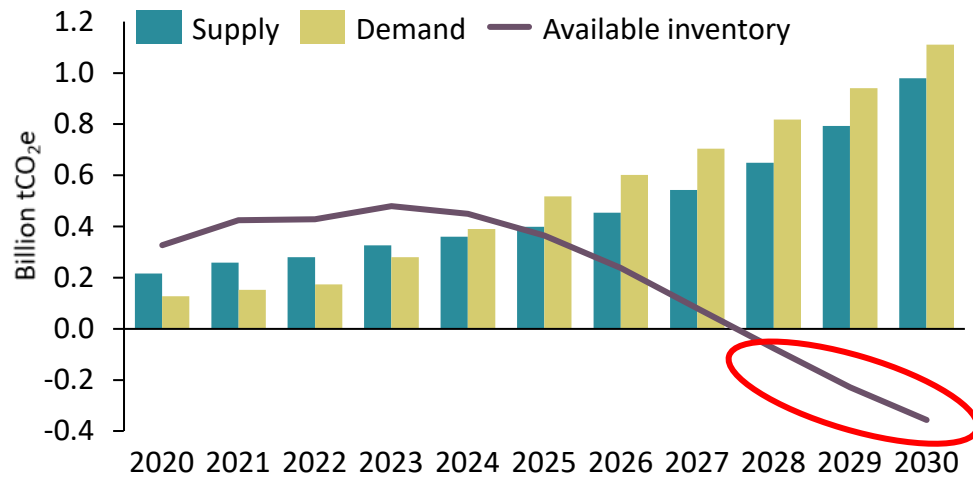
All carbon credits from FSF's first afforestation wave are expected to be either sold or distributed to investors between 2030 and 2050²

Prices of voluntary carbon credits are expected to surge by 2030 due to shortages

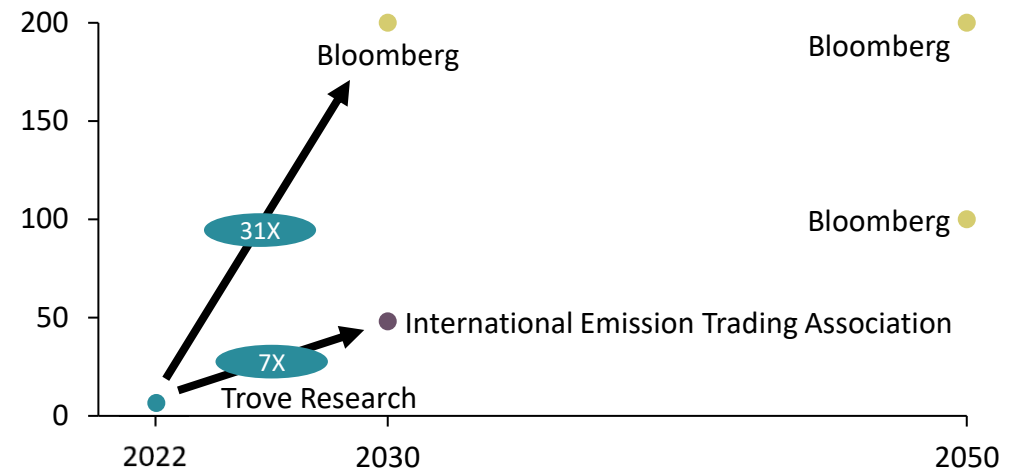
A shortage in the available supply of voluntary carbon credits is widely forecast to occur in 2028 and beyond...

...with 7-31 X voluntary carbon credit price rises forecast by 2030

Outlook for supply, demand and available inventory of carbon offsets¹



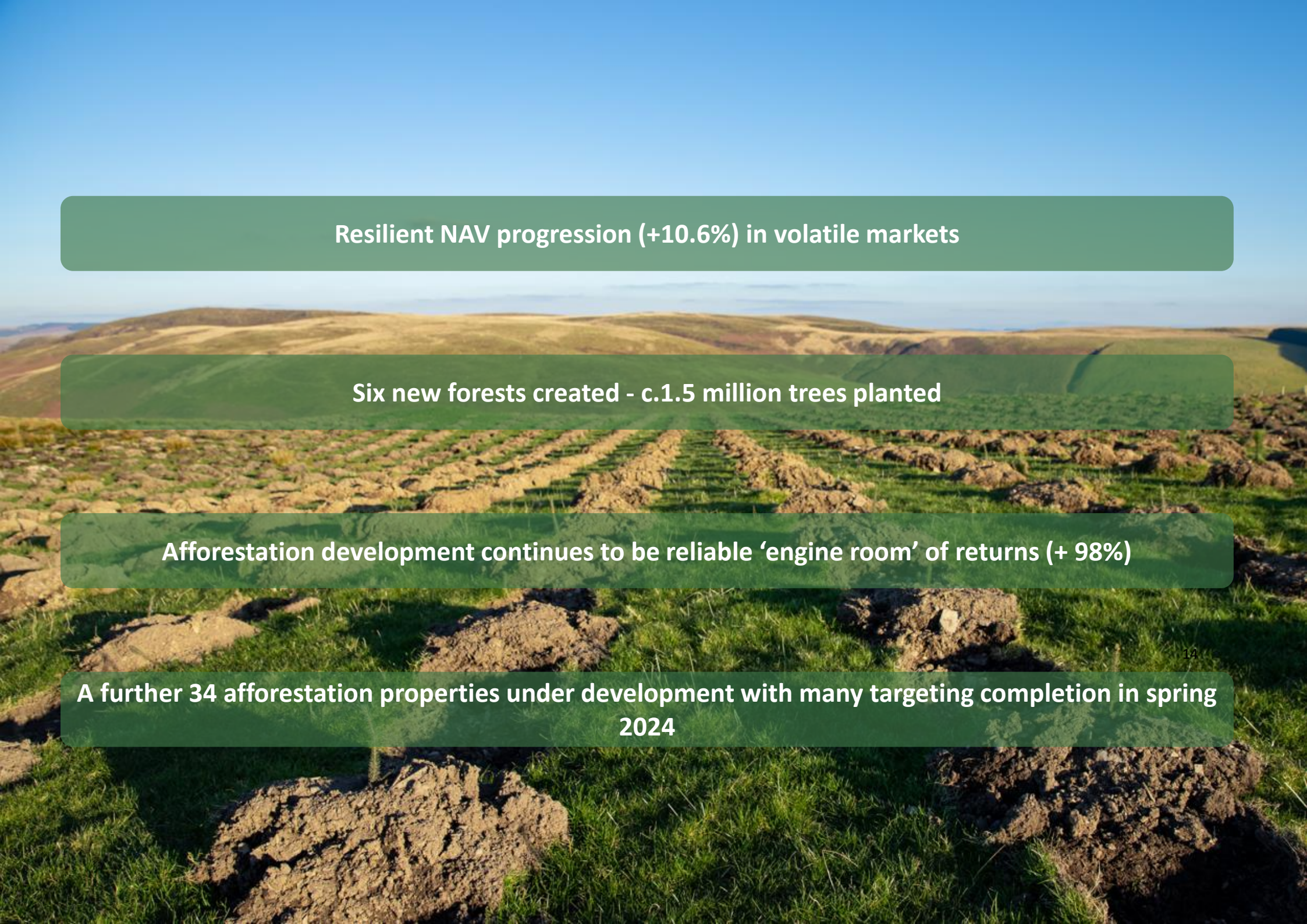
Average Carbon Credit prices (USD) current and forecast²



Sources: 1) Boston Consulting Group. 2) Pensions Expert



Key conclusions



Resilient NAV progression (+10.6%) in volatile markets

Six new forests created - c.1.5 million trees planted

Afforestation development continues to be reliable 'engine room' of returns (+ 98%)

A further 34 afforestation properties under development with many targeting completion in spring 2024

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About Foresight Group

Foresight Group was founded in 1984 and is a leading listed infrastructure and private equity investment 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 manages over 350 infrastructure assets 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. Its private equity team manages eleven regionally focused investment funds across the UK and an SME impact fund supporting Irish SMEs. This team reviews over 2,500 business plans each year and currently supports more than 250 investments in SMEs. Foresight Capital Management manages four strategies across seven investment vehicles with an AUM of £1.3 billion.

Foresight operates in eight countries across Europe, Australia and United States with AUM of £12.2 billion*. Foresight Group Holdings Limited listed on the Main Market of the London Stock Exchange in February 2021. <https://www.foresightgroup.eu/shareholders>

*Based on Foresight Group unaudited AUM as at 31 March 2023.



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COMPANY PLC

For further information, please contact:

Foresight Group LLP

The Shard
32 London Bridge Street
London SE1 9SG
United Kingdom

t: +44 (0)20 3667 8100
e: fsfc@foresightgroup.eu
w: fsfc.foresightgroup.eu
