

FORESIGHT SUSTAINABLE FORESTRY COMPANY PLC

UNAUDITED INTERIM REPORT
AND FINANCIAL STATEMENTS

FOR THE PERIOD TO 31 MARCH 2024



Foresight
SUSTAINABLE
FORESTRY
COMPANY PLC

ABOUT US

Committed to long-term value creation

Foresight Sustainable Forestry Company Plc (“**FSF**”) is the first UK listed investment trust focused on UK forestry, afforestation and natural capital. FSF was awarded the London Stock Exchange’s (“**LSE**”) Green Economy Mark at IPO.

FSF aims to generate sustainable financial returns for its Shareholders through investing in a diversified portfolio of UK forestry and afforestation assets.



OUR FUND OBJECTIVES



Real returns and capital appreciation



Value creation through afforestation



Sustainable timber supply



Combat climate change and biodiversity loss



Access to voluntary carbon units

Strategic report

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FORDIE ESTATE
Scotland

HIGHLIGHTS

AS AT 31 MARCH 2024

£175.8m

**UNAUDITED NET ASSET
VALUE ("NAV")¹**

(30 September 2023: £169.2m)

**c.166,000
tonnes**

**TIMBER UNDER CONSIDERATION
FOR HARVESTING IN 2024**

(30 September 2023: 118,000 tonnes)

4.2%

**TOTAL NAV RETURN
FROM IPO^{1,2}**

(30 September 2023: 0.3%)^{1,2}

**6,524
hectares**

**LAND NEWLY PLANTED OR IN
AFFORESTATION DEVELOPMENT**

(30 September 2023: 6,455 hectares)

102.2p

UNAUDITED NAV PER SHARE¹

(30 September 2023: 98.4p)

c.2.9m

TREES PLANTED THIS PERIOD

(30 September 2023: c.955,000)

**12,654
hectares**

IN THE PORTFOLIO

(30 September 2023: 12,545 hectares)

£9.2m

**VALUE ASCRIBED TO PROGRESS
TOWARDS CREATION OF
CARBON CREDITS³**

(30 September 2023: £2.7m)

HIGHLIGHTS

4.3 million trees have been planted across 19 planting properties to 31 March 2024 since IPO in November 2021.

An additional c.334,000 carbon credits have been recognised on FSF's balance sheet during the period.

Two properties acquired in the period for £1.2 million.

The Company's portfolio sequestered c.17,559 tCO₂e during the period.

OUTLOOK

Between 31 March 2024 and 10 May 2024, the Company planted an additional c.650,000 trees at four afforestation properties.

From 10 May 2024 to 30 September 2024, the Company intends to plant c.2.1 million trees at seven afforestation properties.

From 1 October 2024 to 31 March 2025, the Company intends to plant c.2.3 million trees at 14 afforestation properties.

By spring 2025, the Company expects to have planted c.9.4 million trees over a total forest area of 5,379 hectares since IPO.

1. Alternative performance measures ("APMs") have been included to better reflect the Group's underlying activities. Whilst appreciating that APMs are not considered to be a substitute for, or superior to, IFRS measures, the Company believes their selected use may provide stakeholders with additional information, which will assist in their understanding of the business. Further information is available on page 26.
2. Calculated with IPO costs netted off, see page 26 for more information.
3. To facilitate the flow of capital to climate change mitigation projects and provide our investors with exposure to high-integrity and independently verified carbon credits that can be used for science-based carbon offsetting.

GEOGRAPHIC FOOTPRINT

Portfolio allocation

A diversified portfolio of UK forestry and afforestation assets

69
properties

Property type

39
Afforestation

25
Forestry

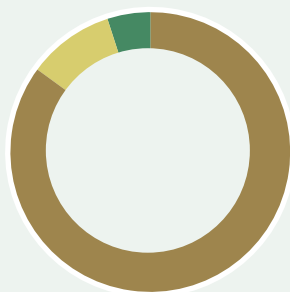
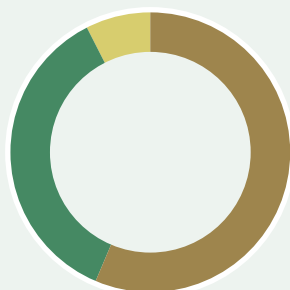
5
Mixed

Geographic split by value

85%
Scotland

10%
Wales

5%
England



Key:

- Afforestation
- Forestry
- Mixed

Rorie Hill

Rorie Hill is a 304-hectare Establishment Stage afforestation property that was planted with 260,000 trees (88% commercial, 12% non-commercial). 44% of the gross area has been planted with commercial conifer species.

Newnoth

Newnoth is a 137-hectare Establishment Stage afforestation property and was planted with 238,000 trees (91% commercial, 9% non-commercial). Newnoth Woodland Creation site directly adjoins Newnoth Forest, also owned by FSF. Between the two properties, the land holding in this area covers 218 hectares and is stocked with 68% commercial species.

Fordie Estate

Fordie Estate is a 2,155-hectare mixed forestry and afforestation property. 825,000 trees (50% commercial, 50% non-commercial) have been planted at the property and this is FSF's largest afforestation scheme to date. In addition to the planting scheme is a full ecological baseline focusing on key indicator species with the view to capturing uplift and generating standalone biodiversity credits.

For more information
see pages 13 to 17



Map not to scale.
The exact position
of properties may differ.

CHAIR'S STATEMENT



Our purpose is to generate real returns for our Shareholders through investing in a diversified portfolio of UK afforestation and forestry properties and our actions are guided by our commitment to sustainable long-term value creation for our stakeholders.

Richard Davidson
Chair

On behalf of the Board, I am pleased to present the unaudited Interim Report and Financial Statements for Foresight Sustainable Forestry Company Plc (“**FSF**”, the “**Company**” or the “**Fund**”) for the six months ended 31 March 2024 (the “**period**”). Operationally, this has been a busy period for FSF, and this is reviewed in this statement and report. However, events in the financial world post the period end have assumed a greater significance, so let me turn to that first.

Recommended acquisition of FSF

On 29 May 2024, your Board announced that FSF had reached agreement on the terms of a recommended acquisition, pursuant to which Arizona Bidco Limited (“**Bidco**”), a wholly owned indirect subsidiary of Averon Park Limited (“**Averon Park**”), will acquire the entire issued and to be issued Ordinary Share capital of FSF that the Averon Park Group does not already own (the “**Acquisition**”). The recommended Acquisition is intended to be implemented through a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act (the “**Scheme**”).

The recommended Acquisition will see Bidco acquire up to all the remaining shares Averon Park does not already own and see FSF de-list from the London Stock Exchange, to continue as a privately owned entity. Shareholders will be entitled to 97 pence in cash for each FSF Share (the “**Cash Offer**”). The Cash Offer values the entire issued Ordinary Share capital of FSF at approximately £167 million and represents:

- A premium of approximately 32.88% to the closing price of 73.0 pence per FSF Share on 28 May 2024 (being the Latest Practicable Date)
- A premium of approximately 43.28% to the volume weighted average price of 67.7 pence per FSF Share for the three-month period ended 28 May 2024 (being the Latest Practicable Date)
- A premium of approximately 44.24% to the volume weighted average price of 67.3 pence per FSF Share for the six-month period ended 28 May 2024 (being the Latest Practicable Date)

- A discount of approximately 5.09% to the unaudited Net Asset Value of FSF as at 31 March 2024 (the “**31 March 2024 NAV**”) of 102.2 pence per FSF Share

As an alternative to the Cash Offer, Shareholders may elect to receive one unlisted B Ordinary Share in the capital of Bidco for each Scheme Share held, subject to certain terms and conditions.

The FSF Directors intend to unanimously recommend that the Scheme Voting Shareholders vote (or procure the vote) in favour of the Scheme at the Court Meeting and FSF Shareholders vote (or procure the vote) in favour of the Resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer), as they have irrevocably undertaken to do in respect of their own beneficial holdings.

Full details of the recommended Acquisition, including the strategic rationale and recommendation of the Directors, can be found here: <https://fsfc.foresightgroup.eu/offer-fsfc>.

CHAIR'S STATEMENT CONTINUED

Recommended acquisition of FSF continued

We are proud of the achievements the Company has made since its IPO in November 2021. In its relatively brief time as the first LSE listed company focused on natural capital, FSF has amassed and developed a nationally significant afforestation portfolio. To our knowledge, FSF's woodland creation programme is the largest co-ordinated UK effort over a similar timespan for a generation. The Company has delivered on its objectives to increase domestic timber supply, sequester carbon dioxide from the atmosphere, enhance biodiversity and has created hundreds of jobs within rural communities where it operates.

Subject to Shareholder approval and the Court sanction of the Scheme, we expect the Acquisition will complete in Q3 of calendar year 2024. In the meantime, FSF remains a going concern, and will continue to operate as such.

Highlights of the period

Turning now to what has been going on in the "day job" at FSF. The successful progress of our planting programme is the primary driver of the increase in the unaudited Net Asset Value ("**NAV**") per share to 102.2 pence at 31 March 2024 (30 September 2023: 98.4 pence per share). This represents an increase of 3.9%, or 3.8 pence gain, for the six-month period.

Operational highlights

In the period, we planted close to 2.9 million trees at 13 afforestation sites, which brings the total number of trees FSF has planted since its IPO to the region of 4.3 million across a total of 19 newly created forests.

FSF is on track to have planted its entire 5,379-hectare afforestation portfolio by spring 2025. To put this in context, once completed, this is equivalent to one-third of the total area the whole of the UK planted in the year to 31 March 2023. The lack of access to equity capital

in the investment trust market has held us back from acquiring more planting land to continue our afforestation programme beyond spring 2025.

An additional c.334,000 carbon credits have been recognised on the balance sheet in the period, which takes the total number to c.478,000. This has added £6.4 million to the NAV and brings the total value ascribed to carbon credits to £9.2 million (30 September 2023: £2.7 million). Encouragingly, during the period, FSF also received validation from the Soil Association and Woodland Carbon Code for the first c.36,000 of these credits.

Our planting programme remains ongoing, and we have planted a further 650,000 trees at four further properties since 31 March 2024. We are targeting planting of a further 2.1 million trees by the end of the financial year and by spring 2025 we expect to have planted a further 2.3 million trees. This will bring the total number of trees planted by the Company to over 9.4 million across a total forest area of 5,379 hectares since IPO.

Forest property, timber and carbon market highlights

Over the six-month period to 31 March 2024, the observed transaction volumes and pricing in the UK forestry investment market have stabilised. However, the lower level of comparable transactions available to Savills Advisory Services Limited ("**Savills**"), the independent valuers, means that the value of established forestry properties has essentially remained flat, although there has been an observed increase in competition for prime properties. It is pleasing that the Company has made solid NAV gains in this market context, underpinned by successful woodland creation.

Timber prices have also improved, driven by a surge in demand for timber products in the US, which has led to timber prices in the UK and Europe also increasing.

This should bode well for the Company's 166,000 tonnes of standing timber which is ready for harvest. During the period, blended timber prices gently recovered, increasing by 1.9%. The uplift was primarily driven by increases to fencing and chipwood prices, with sawlog prices remaining flat.

The carbon market is developing apace with growing understanding and trust building through initiatives such as the Voluntary Carbon Markets Integrity Initiative ("**VCMI**") which has published helpful additional guidance that enables companies to make high integrity claims about their use of carbon credits for offsetting. In a further development, the Science Based Targets initiative ("**SBTi**") has recently clarified that high integrity removals of carbon credits, of the sort FSF creates, can be used by companies to offset their Scope 3 emissions, where previously only Scope 1 and 2 emissions could be offset. This is an evolving area that we are closely monitoring and marks a significant expansion of voluntary carbon markets which could result in additional future demand.

More detail on all of these topics can be found in the Investment Manager's report on pages 9 to 10.

Board matters

The Company held its Annual General Meeting in February 2024 and all of the proposed resolutions were passed, including the proposed amendment to the investment policy. The changes to the investment policy allow a greater proportion of the portfolio to be allocated to development and planting stage afforestation assets to a maximum of 50% of Gross Asset Value. Afforestation development represents the "engine room" of FSF's returns, so the changes to the investment policy would allow the Company to pursue more afforestation while maintaining an acceptable level of risk.

CHAIR'S STATEMENT CONTINUED

Outlook

The Company's £30 million Revolving Credit Facility ("RCF") has been extended and now reaches maturity in July 2026. At 31 March 2024, the Company had drawn £18.3 million on the RCF – a limited gearing level of 10.4% of NAV. This recent draw on the loan facility has primarily been to fund the underlying cost of the afforestation programme. In the normal course of business, the Company would expect to repay part of the facility borrowing through receipt of afforestation grants, timber harvesting, the planned disposal of non-core assets (including various residential properties which are attached to existing afforestation sites) and the opportunistic sale of selected core established forestry or core young, planted afforestation assets. Given the cyclical nature of pricing in our markets, it has never been the Board's belief that FSF should carry substantial amounts of debt. Current gearing levels are low and manageable, but debt is not an alternative to equity financing for future growth at FSF.

The discount that FSF has traded at and current market conditions mean that we are highly unlikely to raise further equity from capital markets in the short term. Should the Acquisition of the Company not go through, we would rely upon a mix of income from contracted grants and timber sales as well as advance opportunistic sales of core and non-core assets for working capital, capital expenditure and debt service. We would also make opportunistic acquisitions and, when equity market conditions improve, look to substantially expand our portfolio.

We hope that our Shareholders recognise the recommended Acquisition of the Company as a positive outcome, given the travails of the investment trust market, especially in real assets. I would like to take this opportunity to thank my fellow Board members, the Foresight management and support team, and our forestry management partners and employees at our forestry sites. Their dedication, knowledge and hard work have been invaluable and enabled the Company to achieve an extraordinary amount in a relatively short space of time.

Richard Davidson

Chair

24 June 2024



TREE PLANTING
Frongoch

THE INVESTMENT MANAGER

FSF is managed by Foresight Group LLP (“**Foresight**”, “**Foresight Group**” or “**Investment Manager**”), and an experienced team of investment, forestry and asset management professionals that can draw on the depth and breadth of Foresight Group’s networks and resources, managing the day-to-day activities.

Foresight Group

Founded in 1984, Foresight is a leading investment manager in real assets and providing capital for growth, operating across Europe and Australia.

With decades of experience, Foresight offers investors access to attractive opportunities at the forefront of change. Foresight actively builds and grows investment solutions to support the energy transition, decarbonise industry, enhance nature recovery and realise the economic potential of ambitious companies.

A constituent of the FTSE 250 index, Foresight’s diversified investment strategies combine financial and operational skillsets to maximise asset value and provide attractive returns to its investors. Its wide range of private and public funds is complemented with a variety of investment solutions designed for the retail market.

Foresight is united by a shared commitment to build a sustainable future and grow thriving economies.

Visit <https://foresight.group> for more information.

Our specialist forestry advisers

EJD Forestry Limited (“EJDF”)

- 80+ years of combined experience in forestry and silviculture.
- Five full-time equivalent forestry professionals dedicated to the FSF portfolio.

Fund management



Robert Guest

Co-Lead, Foresight Sustainable Forestry Company

- Joined in 2015
- 16 years of experience
- Previously Helius Energy PLC



Richard Kelly

Co-Lead, Foresight Sustainable Forestry Company

- Joined in 2015
- 16 years of experience
- Previously Accenture

Portfolio and investment team



Julian Elsworth

Portfolio Director

- Joined in 2013
- 20+ years of experience including 4+ years of forestry experience
- Previously WSP Future Energy



Helge Hansen

Forestry Portfolio Manager

- Joined in 2023
- 10+ years of forestry experience
- Previously Head of Woodlands, Highlands Rewilding



Murray Aitchison

Forestry Portfolio Associate

- Joined in 2020
- 4+ years of forestry experience



Christian Tingsgaard Lassen

Investment Analyst

- Joined in 2022
- 3+ years of experience
- Previously PwC

MARKET UPDATE

UK TIMBER

Market

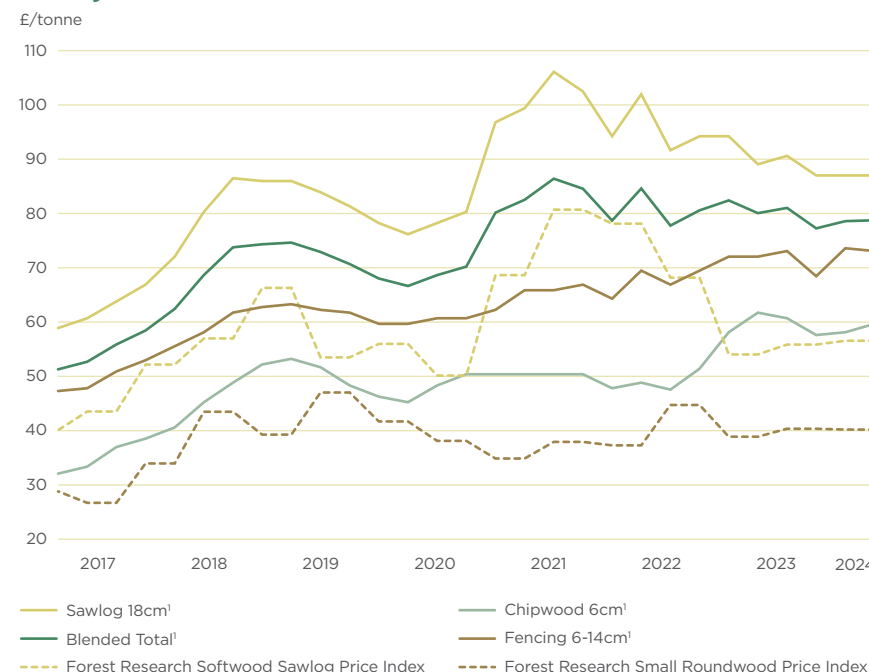
Influenced by a rise in US timber demand, pricing in the UK and European timber markets has been positively impacted during the latter part of the period. In February 2024, Swedish lumber exports to the US increased by c.60% year-on-year, as lower production rates domestically led to US lumber price increases. During the period, US pricing increased c.16%. The increase in US demand has been attributed to a 10.7% increase in housing construction, with demand for European exports expected to continue.

The impending UK election and potential change of government may positively impact the UK construction, housebuilding and building materials sectors. One of the few clear areas of policy difference between the Labour party and Conservatives is on planning reform and addressing the UK's housing shortage.

UK construction activity returned to growth in March 2024 following a six-month period of decline. The S&P Global index for UK construction rose to 50.2 in March 2024 (up 11.6% versus September 2023), impacted by renewed expansion of civil engineering work supported by more stable conditions in the housing and commercial building segments. During 2024, the UK Construction Products Association (“CPA”) forecasts that output is expected to fall by 2.1% but rise in 2025 by 2.0%, in line with forecasts of falling interest rates and a general economic recovery.

During the period, blended timber prices gently recovered, increasing by 1.9%. The uplift was primarily driven by increases to fencing (+6.7%) and chipwood (+3.5%) prices, with sawlog prices remaining flat. Of the publicly available timber indexes, the Softwood Standing Price Spruce Index (“SSPI”) and Small Roundwood Price Index (“SRPI”) published by Forest Research are the most comparable to the sawlog price index that is used by the Investment Manager. In nominal terms, the SSPI nominally increased by 1.2% and SRPI decreased by 0.4% during the six months to 31 March 2024.

Pricing



Sources: Based on Foresight analysis of market data and Forest Research data (sourced from the UK governmental forest statistic institution). “Blended Total” comes from Foresight’s harvest estimates of each category, which is 58% sawlog, 24% pallet and fencing, 18% chipwood based on market analysis and thus reflects the real price per tonne.

1. Based on the Investment Manager’s estimates of market data.

The timber outputs are broken down into three categories depending on the top diameter:

- Sawlog, with a top diameter of 18cm and above, is the product which achieves the highest price
- Fencing, with a top diameter between 6-14cm, is sometimes referred to as small roundwood
- Chipwood, with a top diameter below 6cm, is essentially waste and achieves the lowest price

MARKET UPDATE CONTINUED

FORESTRY AND LAND

UK forestry investment market

Savills' market comparable database, which evaluates FSF's portfolio, recognised increases in both the number of market transactions and weighted average price per hectare for the period. As at 31 March 2024, the Savills comparable database reports that the average price of standing forests of known transactions from the preceding year increased by 10.2% to £25,500 per net productive commercial hectare (30 September 2023: £22,900) following the addition of 11 transactions to the data set. The newly added properties which sold for a weighted average price of £27,600 per commercial hectare were 20.8% higher than the comparable set used for the valuations at 30 September 2023. The total value of known standing forestry transactions from the preceding year increased from £24.9 million to £61.3 million.

The pricing of afforestation properties also experienced an increase, although at a lower rate than standing forestry. According to the comparable database, at 31 March 2024 the weighted average cost per planting hectare increased by 3.0% to £17,000 (30 September 2023: £16,500). The properties added to the data set transacted at a weighted average price of £17,200 per planting hectare, 4.42% higher than data used for Company valuations as at 30 September 2023. The total value of transactions increased from £9.0 million to £32.0 million. It is the Investment Manager's view that changes to grant funding will not have an overall impact on planting, however the risk of planting delays will increase should there be a surplus of grant applications.

Grant funding

Several structural changes in the UK afforestation and forestry market have influenced the UK forestry investment market during the period. In December 2023, it was announced that afforestation grants in Scotland would reduce from £77.2 million to £45.4 million for the claim year from April 2024 to March 2025. However, the Investment Manager's analysis to date shows that historic utilisation of grant funding over the last five reported years, does not exceed the reduced budget level for the 2024/25 claim year.



FORDIE ESTATE
Scotland

MARKET UPDATE CONTINUED

CARBON

SBTi: Science Based Targets initiative

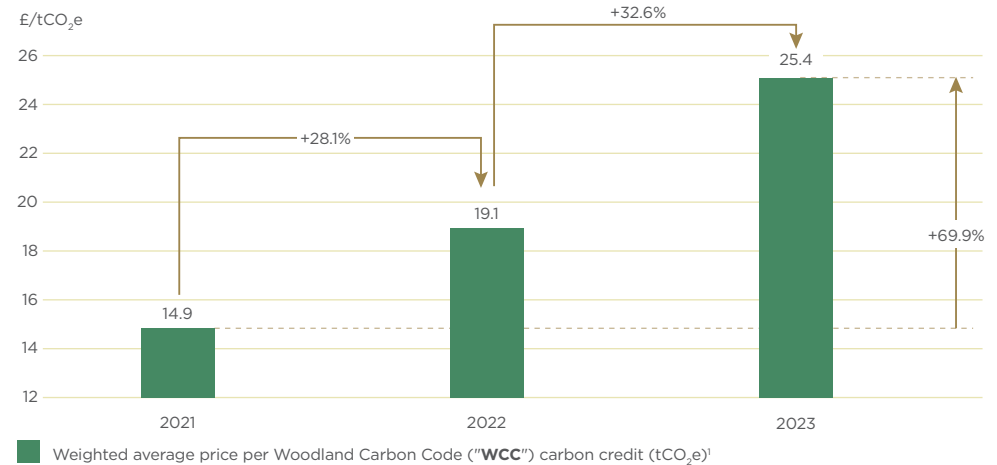
During the period, the number of companies setting, or committing to, SBTi net zero pledges globally has continued to accelerate. On a net basis, 1,671 additional companies committed to an SBTi pledge and the total now stands at 7,719 companies.

In April 2024, SBTi announced it will allow companies to use carbon credits to offset their Scope 3 supply chain emissions as they work towards their climate targets. The Investment Manager believes that SBTi's inclusion of Scope 3 will expand the market for the Fund's carbon credits. According to the UN Global Compact, Scope 3 emissions account for 70% of a typical company's emissions. This inclusion will increase the market size, potentially leading to higher demand and prices for WCC carbon credits.

WCC: Woodland Carbon Code

Woodland Carbon Code ("WCC") and Ecosystem Marketplace publish a price index for WCC's voluntary carbon credits. Over 99% of contributing units were Pending Issuance Units ("PIUs"), which are yet to mature into Verified Carbon Units. Over 2.5 years, the price of WCC carbon credits has grown by 69.9% and there are currently more than 10 million PIUs forecast to mature before 2050. FSF's afforestation programme is expected to see the creation of 1 – 1.2 million voluntary carbon credits ("VCUs") in total.

WCC: Woodland Carbon Code



1. This chart uses the latest information available. Data for 2023 is January to June only.

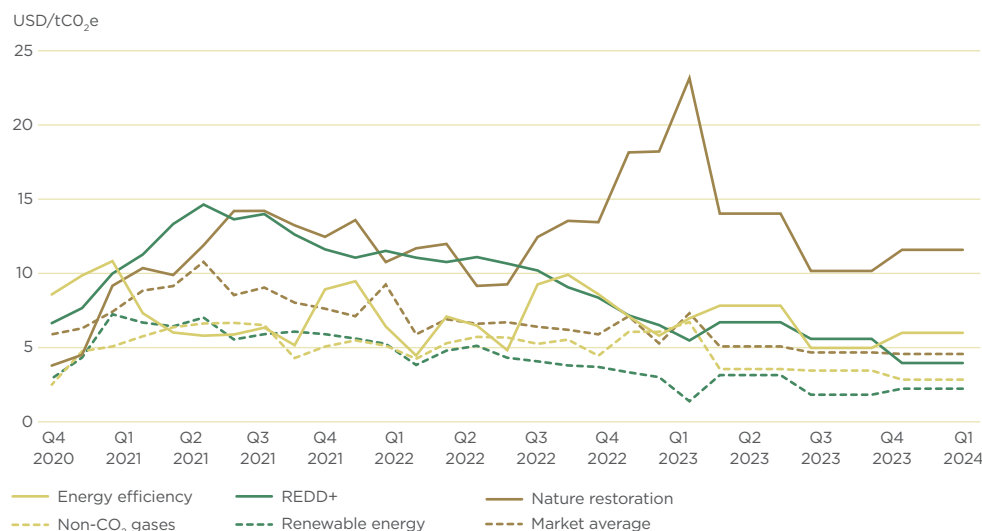


MARKET UPDATE CONTINUED

CARBON CONTINUED

VCM: Voluntary Carbon Market

Monthly volume weighted average voluntary carbon credit price by project type



1. Source: Trove Intelligence database. Graph based on approximation.

There is a global market for voluntary carbon credits but within the market there are several types of credits which have differing supply and demand profiles. The global value of voluntary carbon credits for nature restoration has decreased by 17.1% in the period. Despite a decrease in value, nature restoration credits remain the most valuable carbon credit, with a 90.2% premium over energy efficiency credits and 146.8% premium over the market average.

The market for carbon credits remains active. During the period, issuances increased to 202 million tCO₂e, compared to 160 million tCO₂e for the previous six months. The trend towards high-integrity retirements has continued, with nature restoration credits seeing the highest increase compared to other available credits, underpinning their higher value compared to other carbon credits.

The market surplus grew from 1,003 million tCO₂e to 1,079 million tCO₂e during the period. However, as reported by MSCI Carbon Markets, growth is slowing. In the 12-month period to Q1 2024, the surplus increased 17% compared with a 26% increase for the prior year. The Investment Manager believes this trend will continue and a tightening of supply will be visible by 2027. This scenario, driven by the large growth of companies' SBTi net zero pledges, complements the Company's policy of selling and/or distributing carbon credits from 2030 onwards.

The European Union has decided to prohibit the use of Carbon Neutral claims in the Eurozone as a part of their Green Transition directive. New alternative claims are being developed that focus on maintaining integrity. One of these is the Voluntary Carbon Markets Initiative ("VCMI") Carbon Integrity Claims, which aims to accelerate corporate use of voluntary carbon markets as part of net-zero pathways. The Investment Manager believes that this is a positive trend towards high-integrity credits, such as the WCC carbon credits that FSF generates.

PORTFOLIO VALUATION

Summary

As at 31 March 2024, the Company's portfolio was valued at £189.0 million, comprising forestry properties of £179.8 million and carbon credits of £9.2 million.

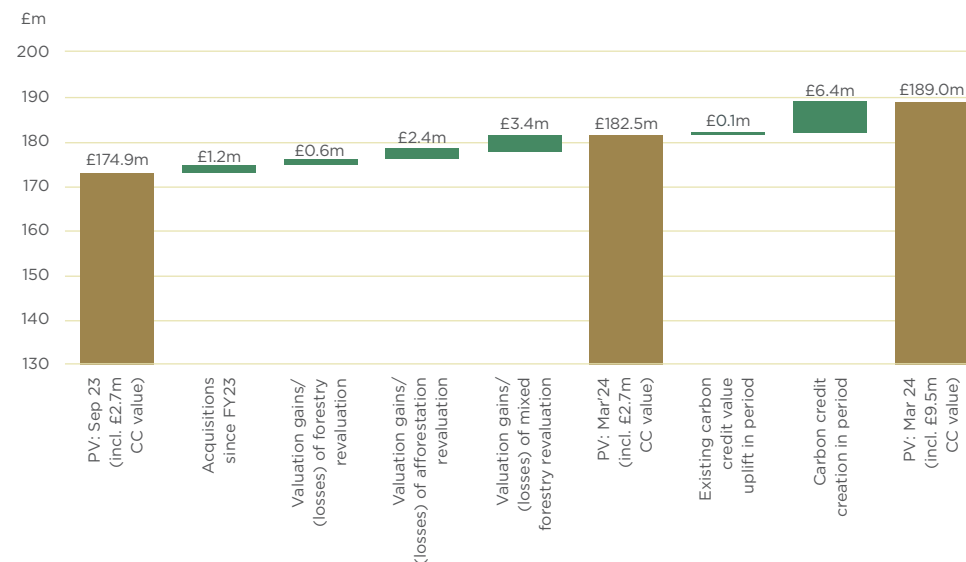
Afforestation properties observed valuation gains of £2.4 million, representing a 3.3% increase. The increase was delivered through the successful completion of planting at 11 properties.

The two new afforestation properties acquired in the period for £1.2 million were revalued as part of the 31 March 2024 valuation cycle. Included within the £2.4 million valuation gains for afforestation is £0.2 million for these new properties, which delivered a mark-to-market gain of 13.8% versus cost.

Mixed afforestation and forestry properties delivered gains of £3.4 million, representing an 11.9% increase. The recognition of the successful completion of planting at two properties was a key driver of the increase in valuation.

Standing forestry properties observed unrealised gains of £0.6 million, representing a 0.8% increase. The observed transaction volumes (in monetary terms) and pricing in the UK forestry investment market stabilised and improved during the period. It is important to note that as the 2023 total transaction volume of £93.3 million remains substantially lower than the 2021-2022 average of £275.9 million, the current independent RICS Red Book valuation has been kept broadly flat versus the position at 30 September 2023.

During the period to 31 March 2024, FSF has recognised an additional £6.5 million of value ascribed to the creation of carbon credits, bringing the overall carbon credits value in the portfolio to £9.2 million. This estimate takes into consideration the verifier's 20% buffer to ensure that the number of units offset or traded is conservative versus the amount of carbon that will be sequestered. The 13 newly planted properties are estimated to create c.334,000 voluntary carbon credits (net of the 20% buffer) and are part of a wider afforestation programme that is expected to see the creation of 1 – 1.2 million voluntary carbon credits in total. The Company also successfully received validation from the Soil Association for c.36,000 carbon credits in the period. This accreditation is a crucial step in the creation of carbon credits. Each woodland creation scheme must be independently inspected to confirm the number of PIUs which will eventually become VCUs.



Source: Foresight Group as at 31 March 2024.



PORTFOLIO VALUATION CONTINUED

Portfolio valuation methodology

Savills is engaged by the Company to provide a fair value valuation of the portfolio in accordance with the Royal Institution of Chartered Surveyors (“**RICS**”) Valuation – Global Standards July 2017 (the “**Red Book**”).

The Red Book valuation falls within the International Financial Reporting Standards (“**IFRS**”), as part of the International Valuation Standards which requires investment properties to be considered on the basis of fair value at the balance sheet date. IFRS 13 outlines the principles for fair value measurement which Savills’ valuation is consistent with. The Red Book valuations are undertaken on a property-by-property basis and are completed semi-annually.

The fair value assessment of the properties has been completed by Savills on a comparable basis by looking at transactions of similar properties. Development Stage and Planting Stage Afforestation property comparables include the rights to future potential voluntary carbon credit creation. Establishment Stage Afforestation and Established Forest property comparables exclude any value ascribed to any associated voluntary carbon credits that have been created.

In addition to the fair value, the Red Book methodology considers a number of additional factors impacting the valuation. A reasonable view of the potential for afforestation properties’ value uplift over time is considered rather than valuing the land in its current state. Savills also consider the stage of each property within the forestry grant application process and may make reassessments as to the value of properties when a new developmental milestone occurs. Additionally, as the properties under ownership are located across the UK (Scotland, North England and Wales), the external valuer accounts for the potential differences in market interest and demand at the different locations.

The value associated with the carbon credits associated with the Establishment Stage Afforestation properties is excluded from the RICS Red Book valuation of these properties. Value recognition for carbon credits is ascribed separately using the Investment Manager’s assessment based on a range of recent comparable voluntary carbon credit transactions that occurred in the period and observed by leading third-party carbon credit consultants and brokers. When establishing the value of carbon credits, a conservative 25% risk discount is applied to the average observed unit price of observed PIUs that have been traded. The Company applies a 10% discount for the Woodland Carbon Code validation process not having fully completed and a 15% discount for carbon credit vintage risk.

The vintage risk buffer has been retained in order to take account of the current lack of visibility of the timeframe within which the WCC carbon credits that form the existing comparable transaction data set will become usable for offsetting. Once more pricing data becomes available it should be possible to adjust, reduce or remove the vintage price risk buffer.

The Company has remained consistent with the value ascribed to carbon credits in its portfolio, in line with the Woodland Carbon Code price index as described on page 19 of our audited Annual Report and Financial Statements as at 30 September 2023.

Property type

50%

Forestry

47%

Afforestation

26%

Establishment

19%

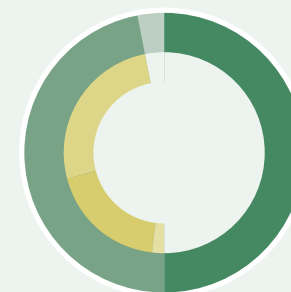
Development

2%

Planting

3%

Non-core



Geographic split by value

85%

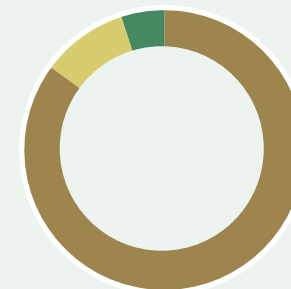
Scotland

10%

Wales

5%

England



OPERATIONAL REVIEW

Overview

As at 31 March 2024, the Company's portfolio comprised 69 assets covering a total area of 12,654 hectares. An overview of the portfolio is provided on page 2.

In September 2023, it was reported that FSF would plant c.2,700 hectares of forest area by spring 2024. FSF successfully planted 1,731 hectares of forest area woodland creation by 31 March 2024. The planting season continues into May and FSF completed planting at four additional properties by that point, increasing the total amount of woodland creation achieved by a further 353 hectares. The Company has fallen c.600 hectares short of its ambitious target primarily due to delays in the award of Scottish Forestry Grant Scheme contracts which were outside the control of the Investment Manager. It is anticipated that the outstanding hectareage will be planted before the end of the financial year.

FSF monitors the portfolio under the following categories (defined below).

Hectares (as at 31 March 2024)	Forest area ¹	Other land ²	Non-core ³	Total
Development Stage Afforestation	2,445	574	39	3,058
Planting Stage Afforestation	353	114	14	481
Establishment Stage Afforestation	2,670	316	—	2,986
Established Stage Forestry	5,106	1,020	3	6,129
Total	10,574	2,024	56	12,654

1. Forest area includes commercial stocked/stockable; broadleaf stocked/stockable; designed open ground; natural forest/woodland regeneration zones; and other land considered part of the forest.
2. Other land includes areas of land that sit outside the forest area but within the land valuations; this includes, but is not limited to: land leased for grazing; regenerative grazing land; peatland/wetland; hill ground; non-core land considered for disposal.
3. Non-core includes areas that sit outside the forest area, and includes, but is not limited to, houses/farm buildings and curtilage etc.

Category	Definition
Development Stage Afforestation	Land prior to the securing of planning permission and grant application.
Planting Stage Afforestation	Planning permission and grant application completed but initial planting of trees not yet completed.
Establishment Stage Afforestation	Initial planting of site completed but trees establishing (typically a three to five-year period).
Established Stage Forestry	Trees established.



Robert Guest, Fund Manager with Mairi Gougeon,
Cabinet Secretary for Rural Affairs, Land Reform and Islands.

OPERATIONAL REVIEW CONTINUED

Development Stage Afforestation

	30 September 2023	31 March 2024	17 May 2024 ¹
Total hectares (forest area)			
Survey and design stage	2,701	869	869
Initial public consultation stage	1,416	717	717
Admitted to public register stage	329	858	858
Total	4,446	2,445	2,445

1. End of Forestry Grant Scheme 2023/24 application window.

The table above demonstrates the Investment Manager's ability to develop assets at pace using its dedicated Portfolio Management team. The Investment Manager is pleased by the development of the afforestation pipeline, with 2,069 hectares moving out of the development phase, and will continue to advance schemes along this pathway throughout the second half of the year.

Planting Stage Afforestation

	30 September 2023	31 March 2024	17 May 2024 ¹
Total hectares (forest area)			
Development Stage Afforestation	4,446	2,445	2,445
Planting Stage Afforestation	93	353	—
Establishment Stage Afforestation	937	2,670	3,023
Total	5,476	5,468	5,468

1. End of Forestry Grant Scheme 2023/24 application window.

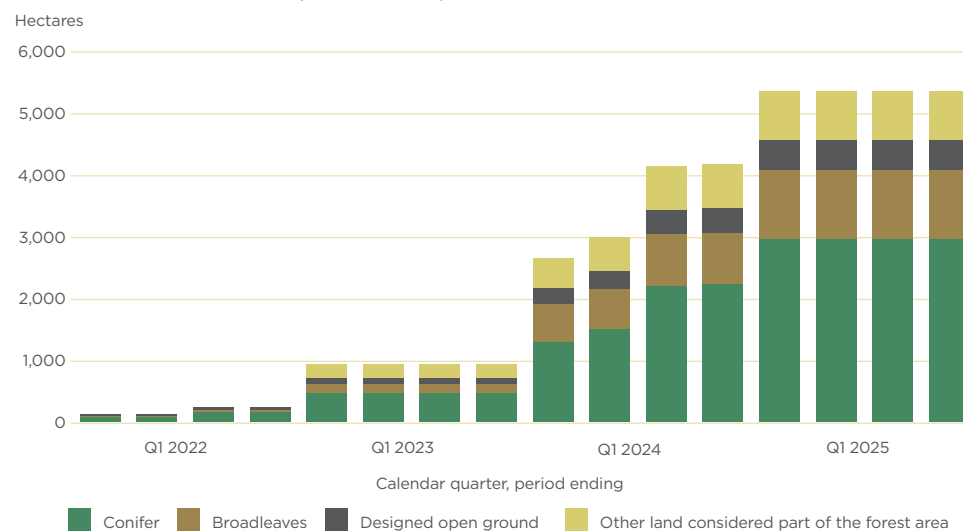
During the period, the Company successfully completed planting at 13 properties. Since 31 March 2024, the Company received planting planning permissions for four additional properties and these have been planted. Combined, the total forest area for the 17 planted properties since 30 September 2023 spans 2,069 hectares, with 51% commercially stocked, 24% non-commercially stocked and 25% open ground.

The planting outlook to 30 September 2024 and spring 2025 remains strong:

- From 10 May 2024, the Company intends to plant approximately 2.1 million trees at seven afforestation properties by the next valuation cycle (30 September 2024)
- From 1 October 2024, the Company anticipates planting approximately 2.3 million trees at 14 afforestation properties by the 31 March 2025 valuation cycle
- By spring 2025, the Company expects to have planted c.9.4 million trees over a total forest area of 5,379 hectares since IPO

An afforestation progress to date and development outlook summary is provided below.

Afforestation timeline (cumulative)



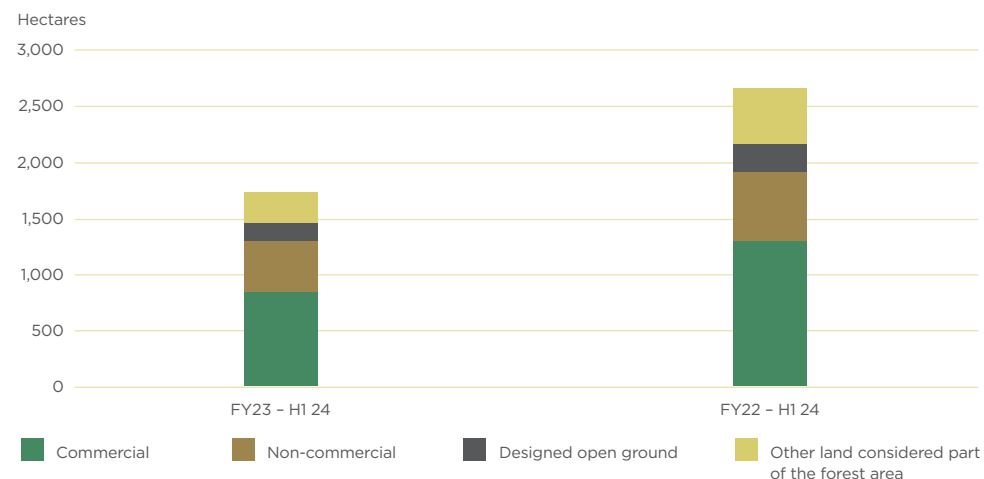
OPERATIONAL REVIEW CONTINUED

Establishment Stage Afforestation

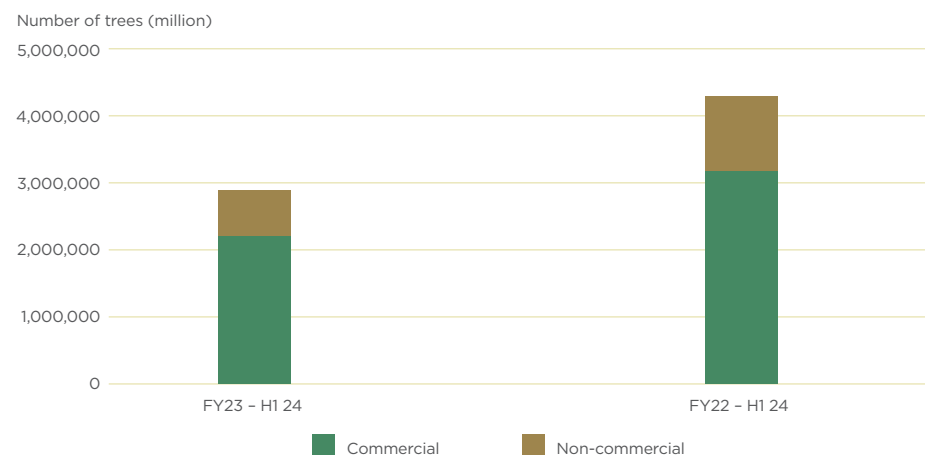
Whilst there has been a low requirement for weeding throughout winter, a more proactive regime of weeding and pest control will be required through the spring and summer months for Establishment Stage Afforestation. Newly planted properties will be closely monitored with interventions made as necessary.

	Newly planted afforestation properties (1 October 2023 – 31 March 2024)	Total Establishment Stage Afforestation properties (31 March 2024)
Properties (number)	13	19
Establishment Stage Afforestation (forest area hectares)	1,748	2,670
Of which commercially stocked afforestation (%)	48%	48%
Of which non-commercially stocked afforestation (%)	26%	23%
Of which open ground	25%	29%
Number of carbon credits generated (exclusive of 20% buffer)	c.334,000	c.478,000
Anticipated tonnes of sustainable timber to be produced from the first rotation	571,900	855,000

Planting breakdown across afforestation to date



Afforestation to date



OPERATIONAL REVIEW CONTINUED

Established Forestry

FSF has not made any material additions or carried out any material harvesting projects during the period.

The Company's portfolio intends to supply a steady stream of potential harvesting over the coming years. The following chart gives an overview of the quantity of standing timber in each age category. Where gaps are present, FSF will look to infill and create the ability to harvest providing the Company with cash flow should it be required.

Age profile of existing forestry

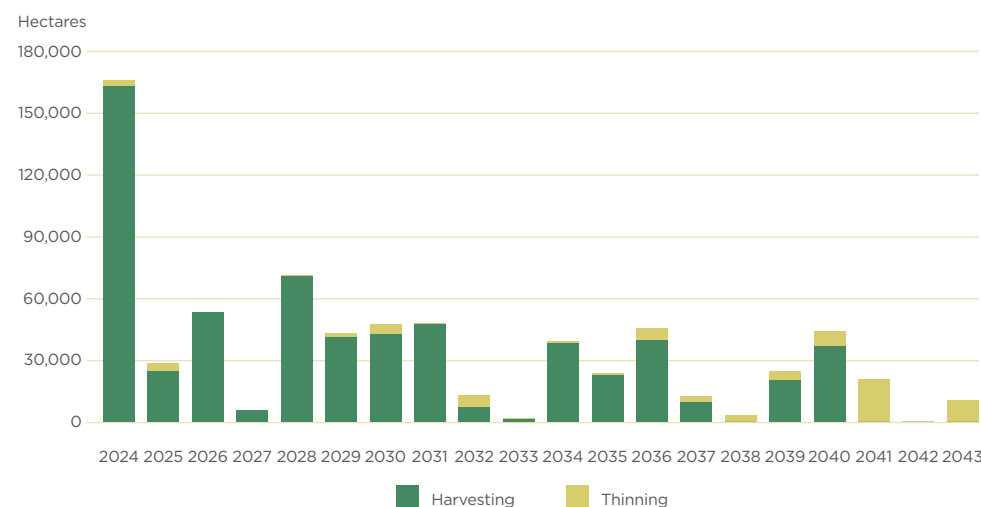


Harvesting overview

Harvesting has occurred at five sites during the period. Largely, harvesting operations have focused on either continued clear up of windblow or addressing Statutory Plant Health Notifications ("SPHNs"). An SPHN is issued by either the Forestry Commission, Scottish Forestry or Natural Resources Wales where infected plants have been identified. Within the FSF portfolio, these cases are typically Larch crops at low volumes and are not considered a material issue or out of keeping with standard UK forestry woodland management practice. This type of harvesting is still cash generative. A total of 4,120 tonnes of timber was harvested during the period, generating net income (after harvesting and delivery costs as applicable) of £300,000.

Harvesting strategy

FSF is in the process of finalising a harvesting strategy for the second half of the financial year, driven by positive pricing movements in the market. FSF has identified c.166,000 tonnes of standing timber that would be suitable for harvesting. To date, a harvesting programme of c.100,000 tonnes has been approved by the Investment Manager. Live tender processes are ongoing for the remaining c.66,000 tonnes and the programme is to be approved upon the receipt of acceptable formal price offers.



OPERATIONAL REVIEW CONTINUED

Established Forestry continued

Forestry Stewardship Council (“FSC”) and Programme for the Endorsement of Forest Certification (“PEFC”) accreditations

FSF has complied with its Prospectus commitment to dual certify all forests within 12 months of either acquisition or planting completion. It is not anticipated that any of the properties will require additional time to gain dual certification.

	Number of projects	Percentage
Projects certified	35	51%
Projects requiring certification	13	19%
Projects yet to require certification	21	30%

Health and safety

Health and safety (“H&S”) is a key focus for the Company’s Board and the Investment Manager’s Portfolio Management team.

The Investment Manager has actively targeted being a market leader for forestry H&S best practices. Regular reporting on notifiable incidents is provided to the Company’s Directors to ensure a suitable level of oversight on H&S matters.

Health and safety event	Number during the period
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (“RIDDOR”) events	—
Near miss events	1

The Company is pleased to confirm that no RIDDOR events have occurred during a very active operational period.

“Near miss” events, that are categorised as any H&S incident that is not reportable under the RIDDOR framework, have also been minimal over the course of the period. One near miss event has been reported, which is very low given the level of activity across the portfolio during this period.



FORDIE ESTATE
Scotland

SUSTAINABILITY AND ESG

Introduction

Sustainability and strong governance are fundamental to FSF's business model, as captured in the Company's three key Sustainability and ESG objectives:



Key objective one - timber supply

To deliver and increase the supply of home-grown UK timber to reduce the country's reliance on imports.



Key objective two - sustainable returns

To do so in a way that combines sustainable financial returns with carbon sequestration, biodiversity protection and other positive environmental and social impacts.



Key objective three - progressive industry leadership

To be a sustainability leader in the UK forestry industry whilst delivering both traditional commercial timber products and innovative natural capital services.

2024 Interim highlights

- The publication of the Company's second dedicated S&ESG report
- Development of biodiversity measuring tool (HAB-CON Alpha index)
- Sequestered c.17,559 tCO₂e in the period
- Seven community meetings held
- Completion of FSF's 2023 Skills Training Programme
- Collaboration with King's College London on The Carbon Credit Price and National Tree Planting Impact of Woodland Carbon Code Admittance to the UK-ETS Policy Paper

Sustainability and ESG report

In March 2024 we published our second standalone Sustainability and ESG ("S&ESG") report which included our Task Force on Climate-Related Financial Disclosures ("TCFD") report for the year ended 30 September 2023. The report included much detail on the progress the Company has made over the year in specific areas such as engagement and consultation with local communities and biodiversity baselining.

Updates in the period

Biodiversity baselining

As reported in the recent S&ESG report, the Company completed baseline biodiversity assessments on a representative cross-section of 27 properties using a bespoke biodiversity tool, HAB-CON Alpha. The tool maps the projected biodiversity uplift across the sites measured and also helps to identify areas for improvement. The Company intends to baseline its entire portfolio and work is ongoing in this area. This demonstrates steps taken by the Company to deliver on its IPO commitment to protect and enhance biodiversity across the portfolio.

Community engagement

During the period, the Company has continued to progress its afforestation plans and has conducted four initial meetings and three follow-up meetings with local communities.

Forestry Skills Training Programme

All ten candidates of this year's Skills Training Programme completed their training in the period and the majority have since been employed in the forestry sector, with several going on to work on FSF's properties. This brings the total number of successful candidates trained by the programme to 14.

Taskforce on Nature-related Financial Disclosures ("TNFD")

Following the TCFD framework, TNFD has released comprehensive guidance on the metrics and targets that are to be used as part of its disclosure framework capturing assets' dependencies and impacts on nature. The final TNFD recommendations launched in September 2023 have provided a much-needed framework for managing risks from biodiversity loss and ecosystem degradation.

The UK Government and the FCA have committed to considering the integration of the TNFD framework within regulation.

SUSTAINABILITY AND ESG CONTINUED

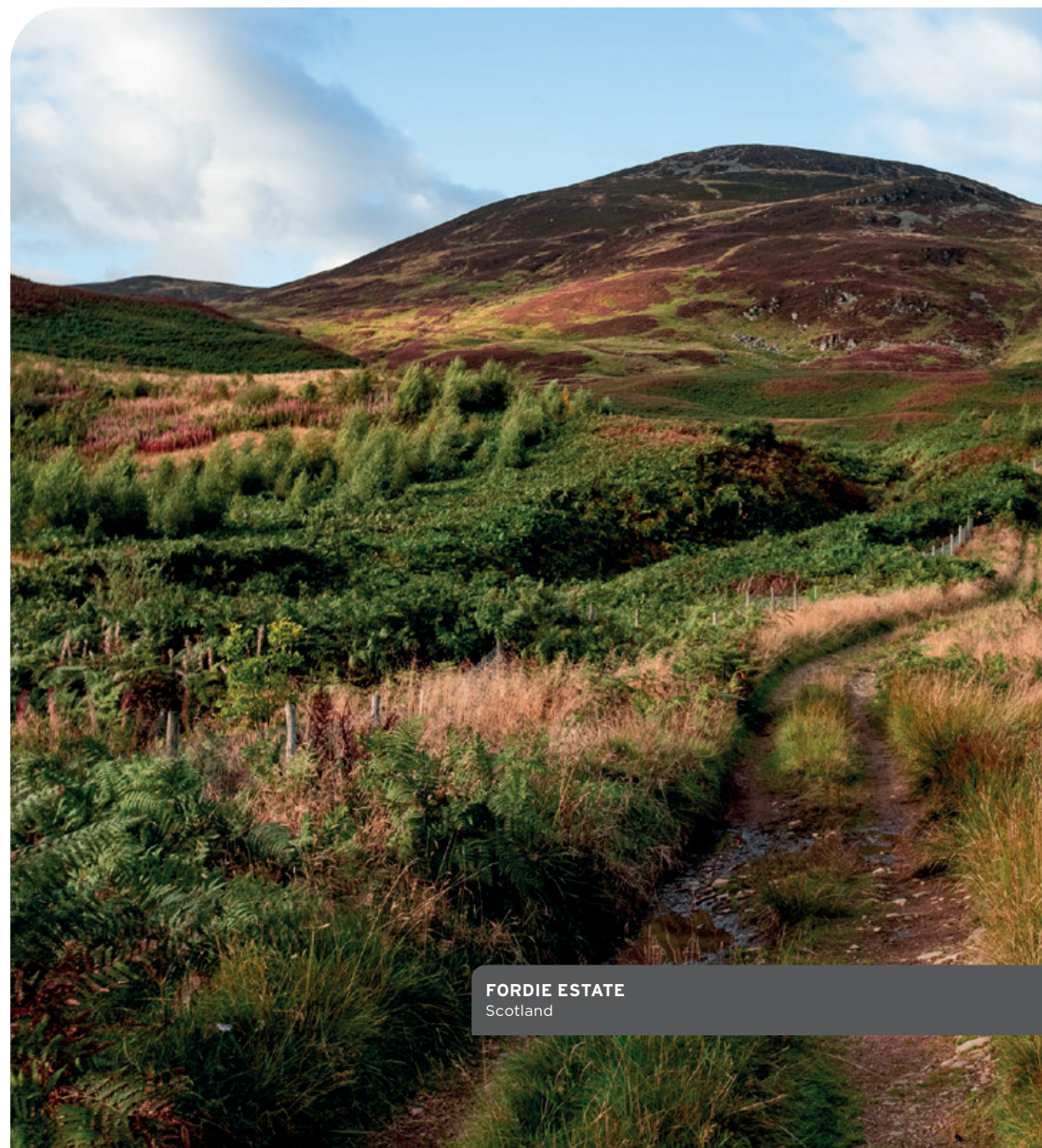
Taskforce on Nature-related Financial Disclosures (“TNFD”) continued TNFD data collection

The Investment Manager has been working with an external consultant that utilises geospatial data and satellite monitoring to analyse and evaluate nature-related risks and opportunities, with a specific focus on biodiversity and deforestation. This consultancy uses GIS mapping and satellite imagery to assess the nature-related dependencies and impacts of companies to help them meet TNFD requirements. The FSF assets have been submitted as part of a pilot project to understand the dependencies and nature-related risks in more depth across the portfolio.

Collaboration with King’s College London

During this period, the Investment Manager collaborated with King’s College and Imperial College to publish a Policy Paper¹, advocating for integrating the WCC into the UK Emissions Trading Scheme (“**UK ETS**”). During the period, the Integrity Council for Voluntary Carbon Markets (“**ICVCM**”) approved three carbon credit certifiers for their high-integrity standard.

1. <https://media.umbraco.io/foresight/bv0d3lfb/web-03-fs-kings-exec-summary.pdf>



FORDIE ESTATE
Scotland

RISK AND RISK MANAGEMENT

FSF has a comprehensive risk management framework overseen by the Audit and Risk Committee, comprising the Independent Non-Executive Directors.

The Company is exposed to several risks that have the potential to materially affect the Company's valuation, reputation and financial or operational performance.

The nature and levels of risk are identified according to the Company's investment objectives and existing policies, with the levels of risk tolerance ultimately defined by the Board. The Company's most recent risk register can be found in its Annual Report and Financial Statements for the year ended 30 September 2023.

The following represent the most relevant emerging risks as viewed by the Board and the Investment Manager:

Interest rates

There is a risk that increased interest rates could contribute to a slowdown in the construction industry, leading to reduced timber demand and prices. Despite persistently high interest rates, recently elevated construction levels in the US are positively impacting timber prices in the UK and Europe.

The Labour Party have made a commitment to override existing planning rules to build 1.5 million homes, prioritised on brownfield sites and poor-quality areas in the greenbelt sites. Historically, new building starts have been positively correlated to rising timber prices. Should timber prices be less attractive at the point of felling, the Investment Manager also has the option to delay felling, allowing trees to continue to grow and provide time for a recovery from short-term pricing volatility.

The Company's £30 million RCF has been extended and reaches maturity in July 2026. At 31 March 2024, the Company had drawn £18.3 million on the RCF. Higher interest rates mean higher borrowing costs. There is a risk that the cost of debt becomes higher than the return on equity, which would be NAV destructive over time. The Investment Manager undertakes interest rate scenario analysis to inform the level of borrowing FSF would be comfortable taking. The Investment Manager remains comfortable that, at current interest rates, the return on equity generated from its afforestation development activities significantly exceeds the cost of debt on its RCF.

Equity

In 2023, the microeconomic backdrop and higher interest rates led to a widespread de-rating of the entire real assets investment market, causing investment trusts to trade at wide discounts to their net asset values and effectively locking investment trusts like FSF, out from raising equity.

The Investment Manager and the Board have set budgets such that a working capital buffer is held. The budgets include forecasts of timber harvesting sales and grant income streams that are expected in the next 18 months. Additionally, the Company can recycle capital through the sale of non-core assets and could also decide to exit one or more forestry assets. In periods where the discount continues, the Board may also consider share buybacks.

Inflation

Whilst inflation in the UK is slowing, there is a risk that persistent inflation becomes entrenched and leads to higher operating costs for the Company. Geopolitical tensions across Europe and the Middle East may also contribute to higher operating costs.

Afforestation development returns have benefited from rising inflation. Agricultural land with afforestation potential has reduced in price, relative to established forestry prices. Therefore, the strategy of the Investment Manager is to increase the amount of afforestation investment within the portfolio. The investment policy amendment, approved at this year's AGM, gives the Company the potential ability to increase the proportion of afforestation development in its portfolio.

RISK AND RISK MANAGEMENT CONTINUED

Changes to grant schemes

Scottish Forestry has announced cuts to its woodland creation grant scheme budget for 2024/25. The £/hectare grants remain unchanged but there is a small risk that there is a delay in securing and receiving grant monies, for instance, if the pot of allocated grant money is oversubscribed in the financial year, meaning that application would need to fall into the next financial year. Post period end, the Scottish Government has rowed back from its net-zero commitments which could signal a change in sentiment which could see the woodland creation grants reduced further in future years. During the period, woodland creation grants in England have significantly improved on a £/hectare basis. The Investment Manager will continue to closely monitor the economics of afforestation development and consider increasing the Fund's exposure to English and Welsh afforestation in its next development wave, if these grant schemes continue to be more generous.

Recommended acquisition risk

On 29 May 2024, it was announced that the Board had reached agreement on the terms of a recommended acquisition of the Company by Arizona Bidco Limited, a wholly owned subsidiary of Avera Park Limited, FSF's largest Shareholder. The recommended acquisition is intended to be implemented through a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act and is subject to Shareholder approval.

There is a risk that the acquisition does not complete.

Notwithstanding the risk of the recommended acquisition not completing, the Company will be able to continue to meet its obligations as a going concern and continue to generate sufficient income through a combination of timber sales, grant income and core and non-core asset disposals.

FINANCE REVIEW

Analysis of financial results

The condensed set of financial statements of the Company for the six-month period ended 31 March 2024 is set out on pages 29 to 48.

The Company prepared the condensed unaudited financial statements for the period to 31 March 2024 in accordance with IAS 34 as adopted by the UK and issued by the International Accounting Standards Board. The Company applies IFRS 10 and Investment Entities: Amendments to IFRS 10, IFRS 12 and measures all its subsidiaries that are themselves investment entities at fair value. The Company accounts for its interest in its wholly owned direct subsidiary FSFC Holdings Limited as an investment at fair value through profit or loss in accordance with IFRS 13 Fair Value Measurement.

The primary impact of this application, in comparison to consolidating subsidiaries, is that the cash balances, the working capital balances and borrowings in the intermediate holding companies and project companies are presented as part of the Company's fair value of investments.

The Company's intermediate holding companies provide services that relate to the Company's investment activities on behalf of the parent which are incidental to the management of the portfolio.

The Company, its subsidiaries FSFC Holdings Limited and FSFC Holdings 2 Limited (together the "**Group**"), hold investments in 69 portfolio properties held within five special purpose vehicles which intend to make distributions in the form of interest on loans and dividends on equity as well as loan repayments and equity redemptions.

For more information on the basis of accounting and Company structure, please refer to the notes to the condensed unaudited financial statements on pages 33 to 48.

Key financial metrics for the period ended 31 March 2024

All amounts presented in £million (except as noted)	As at 31 March 2024	As at 30 September 2023
Gross Asset Value (" GAV ") ¹	194.1	179.6
Net Asset Value (" NAV ") ²	175.8	169.2
NAV per share (pence)	102.2	98.4
Total return on investment	7.8	(8.7)
Profit/(loss) before tax	6.6	(11.3)
Earnings per share (pence)	3.8	(6.6)

1. Calculated as the sum of the NAV and total outstanding debt on page 26.

2. Total equity as per the statement of financial position on page 30.

Net assets

Net assets increased 3.9% from £169.2 million at 30 September 2023 to £175.8 million at 31 March 2024. Net assets of £175.8 million comprise £179.8 million portfolio value of forestry and afforestation assets, £9.2 million of carbon credit valuation, cash balances of £4.4 million (comprising £2.0 million in the Company and £2.4 million in the other companies), £0.7 million of other net current assets in the wider Group, offset by the drawn RCF balance of £18.3 million.

The GAV is equal to the sum of the NAV and the outstanding debt of £18.3 million as described in the alternative measures table on page 26. The GAV increased 8.1% from £179.6 million at 30 September 2023 to £194.1 million at 31 March 2024.

FINANCE REVIEW CONTINUED

Net assets continued

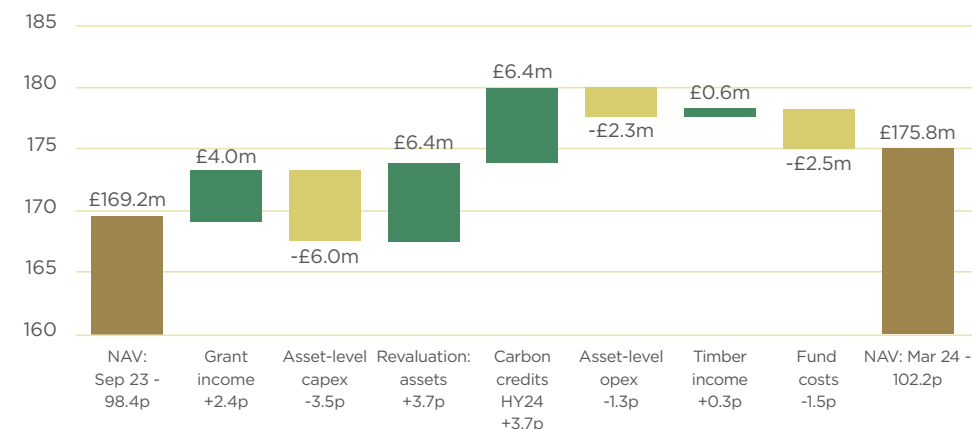
Analysis of the Group's net assets at 31 March 2024

All amounts presented in £million (except as noted)	As at 31 March 2024	As at 30 September 2023
Red Book valuation ¹	179.8	172.2
Carbon credits valuation ²	9.2	2.7
Portfolio value	189.0	174.9
Project companies' cash	2.4	2.7
Project companies' other net liabilities	(0.3)	(1.2)
Revolving Credit Facility	(18.3)	(10.4)
Investments at fair value through profit or loss	172.8	166.0
Company's cash	2.0	1.2
Company's other net assets	1.0	2.0
Net Asset Value	175.8	169.2
Number of shares	172,056,075	172,056,075
Net Asset Value per share (pence)	102.2	98.4

1. Classified as the fair value of the underlying forestry assets held through the SPVs.

2. The carbon credit valuation noted is based on value ascribed to progress towards creation of carbon credits.

NAV bridge from 30 September 2023 to 31 March 2024 (£m)



Net Asset Value bridge

During the period to 31 March 2024, there was a £6.4 million fair value increase for properties held by the Group. These gains were further increased by £4.6 million earned in relation to timber and grant income and offset by combined operational expenditure of £4.8 million and £6.0 million of SPV capital expenditure. An additional c.334,000 carbon credits attributed to the 13 underlying afforestation properties where planting was completed in the period have also been valued at £6.3 million. In addition, a total of 35,850 existing credits that received validation observed a £0.1 million value uplift, resulting in a Net Asset Value of £175.8 million at 31 March 2024.

Third-party debt arrangements and gearing position

As at 31 March 2024, the Company had utilised £18.3 million of its RCF with £11.7 million remaining undrawn. The total outstanding £18.3 million RCF balance represented 9.4% of GAV (30 September 2023: 5.8%).

Details of the debt arrangements:

Borrower	Provider	Facility type	Outstanding	Maturity	Applicable rate ¹
FSFC Holdings 2	Clydesdale Bank PLC	Revolving credit	£18.3m	July 2026	SONIA + (2.00%-2.20%)

1. The margin varies depending on the completion of defined S&ESG targets linked to the facility. In the first year of the facility these targets were met, and the Company paid a margin of 2.00%.

FINANCE REVIEW CONTINUED

Company performance

Profit or loss

The Company's profit before tax for the six-month period to 31 March 2024 was £6.6 million, generating earnings of 3.8 pence per share.

For the same period to 31 March 2024, the total return on investments was £7.8 million, comprising £1.3 million of interest income and £6.5 million net gains on investments at fair value. The interest income relates to the Company's Shareholder loan to FSFC Holdings Limited. The net gain on investments refers to the net fair value movement on the Company's investment in FSFC Holdings Limited.

Operating expenses included in the income statement for the period totalled £1.2 million, in line with expectations. These comprise investment management fees of £0.8 million and £0.4 million of other operating expenses. The details on how the investment management fees are charged are set out in note 5 to the financial statements.

	Period from 1 October 2023 to 31 March 2024	Year to 30 September 2023
All amounts presented in £million (except as noted)		
Interest received on FSFC Holdings loan notes	1.3	2.6
Net gains/(losses) on investments at fair value	6.5	(11.3)
Total return on investment	7.8	(8.7)
Operating expenses	(1.2)	(2.6)
Profit/(loss) before tax	6.6	(11.3)
Earnings per share (pence)	3.8	(6.6)

Ongoing charges

The ongoing charges ratio is an indicator of the costs incurred in the day-to-day management of the Fund. FSF uses the AIC-recommended methodology for calculating this ratio, which is an annual figure.

For the period ended 31 March 2024, the ratio for the Company was 1.44%. The ongoing charges have been calculated, in accordance with AIC guidance, as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published unaudited Net Asset Value in the period. Where the calculation is on a consolidated basis, inclusive of FSFC Holdings 2 Limited's reoccurring costs, the ongoing charges ratio for the six-month period to 31 March 2024 was 1.46%.

The Investment Manager believes this to be competitive for the market in which FSF operates and the stage of development and size of the Fund, demonstrating that management of the Fund is efficient with minimal expense incurred in its ordinary operation.

All amounts presented in £million (except as noted)	FSFC Plc	FSFC H2
Investment management fees	1.52	
Directors' fees	0.20	
Administration fees	0.12	
Audit fees	0.14	
Other ongoing fees	0.50	0.05
Group total		2.53
Ongoing charges ratio		1.46%

	NAV
30 September 2023	169.2
31 March 2024	175.8
Average	172.5

FINANCE REVIEW CONTINUED

Cash flow

The Company held cash balances at 31 March 2024 of £2.0 million. This amount excludes cash held in subsidiaries. The breakdown of the movements in cash during the period is shown below.

Cash flows of the Company for the period to 31 March 2024 (£million)

	Six months ended 31 March 2024	Year to 30 September 2023
Opening cash balance	1.2	34.3
Investment in FSFC Holdings Limited (equity and loan notes)	(0.3)	(31.0)
Loan interest receipts	2.9	0.4
Group movements in working capital	—	0.2
Directors' fees and expenses	(0.1)	(0.2)
Investment management fees	(1.2)	(1.5)
Administrative expenses	(0.5)	(1.0)
Company's closing cash balance	2.0	1.2

Cash flows of the Group for the period to 31 March 2024

The Group is defined as the Company and its two intermediate holding companies. The cash balance for the Group is £2.3 million, which includes £0.3 million in FSFC Holdings 2 Limited.

Combined asset-level cash flows received analysis

The underlying investments generate revenue from grants, timber harvesting and a number of isolated activities across a number of sites. Details of the combined income received at asset level for the period to 31 March 2024 are shown below:

Asset-level revenue type	Revenue (£m)	Details
Grant income	0.2	Relating to 263 hectares of planting from previous period
Timber income	0.3	4,120 tonnes of harvesting
Hydro power	0.2	Hydro electricity sales at Fordie
Other income	0.1	Includes sporting and hospitality rental income
Total asset-level revenue	0.8	

ALTERNATIVE PERFORMANCE MEASURES ("APMs")

Purpose	Calculation	APM value	Reconciliation to IFRS
Gross Asset Value ("GAV") A measure of the value of the Company's total assets.	The sum of net assets of the Company as shown on the statement of financial position and the total debt of the Group.	£194.1 million	The calculation uses the Net Asset Value as per the statement of financial position on page 30 and total outstanding debt in the Group.
Net Asset Value ("NAV") A measure of the value of the Company's total assets.	The sum of net assets of the Company as shown on the statement of financial position.	£175.8 million	The calculation uses the Net Asset Value as per the statement of financial position on page 30.
Net Asset Value per share Allows investors to gauge whether shares are trading at a premium or a discount by comparing the Net Asset Value per share with the share price.	The net assets divided by the number of Ordinary Shares in issuance.	102.2 pence	As per the closing Net Asset Value per the statement of financial position on page 30, and the closing number of Ordinary Shares as per note 13 of the financial statements on page 40.
Total NAV return since IPO A measure of financial performance, indicating the movement of the value of the Fund since IPO and expressed as a percentage.	Closing NAV per share as at 31 March 2024 plus all dividends since IPO assumed reinvested, divided by the NAV per share at IPO (post IPO fees), expressed as a percentage.	4.2%	The calculation uses the Net Asset Value as per the statement of financial position on page 30 and cash dividends as per the statement of cash flows on page 32.
Market capitalisation Provides an indication of the size of the Company.	Closing share price as at 31 March 2024 multiplied by the closing number of Ordinary Shares in issuance.	£114.6 million	The calculation uses the closing share price for the period (31 March 2024: 66.6 pence) and the closing number of Ordinary Shares as per note 13 of the financial statements on page 40.
Ongoing charges A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running the Company.	Calculated and disclosed in accordance with the AIC methodology. Annualised expenses divided by average NAV.	1.46%	Ongoing charges are detailed on page 24 of the report as at 31 March 2024.

FINANCIAL STATEMENTS

OVERVIEW

WHAT'S IN THIS SECTION

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Disclosure Guidance and Transparency Rules (“**DTR**”) of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Unaudited Interim Financial Report for the period ended 31 March 2024.

The Directors confirm to the best of their knowledge that:

- (a) The condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4 R
- (b) The interim management report includes a fair review of the information required by DTR 4.2.7 R
- (c) The interim management report includes a fair review of the information required by DTR 4.2.8 R

Richard Davidson

Chair

For and on behalf of Foresight Sustainable Forestry Company Plc

24 June 2024

CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD TO 31 MARCH 2024

	Notes	Revenue £'000	Capital £'000	Period ended 31 March 2024 (Unaudited) £'000	Period ended 31 March 2023 (Unaudited) £'000	Year to 30 September 2023 (Audited) £'000
Return on investment	4	1,324	6,512	7,836	7,347	(8,674)
Total income		1,324	6,512	7,836	7,347	(8,674)
Investment management fees	5	(762)	—	(762)	(767)	(1,562)
Operating expenses	6	(499)	—	(499)	(568)	(1,101)
Total expenses		(1,261)	—	(1,261)	(1,335)	(2,663)
Profit/(loss) before tax		63	6,512	6,575	6,012	(11,338)
Tax	8	—	—	—	—	—
Profit/(loss) for the period		63	6,512	6,575	6,012	(11,338)
Earnings per share (pence)	9	—	—	3.8	3.5	(6.6)

All results are derived from continuing operations.

The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issue by the Association of Investment Companies ("AIC").

There are no items of other comprehensive income in the current period, other than the profit for the period, and therefore no separate statement of comprehensive income has been presented.

The accompanying notes on pages 33 to 48 form an integral part of the condensed set of financial statements.

CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Notes	31 March 2024 (Unaudited) £'000	31 March 2023 (Unaudited) £'000	30 September 2023 (Audited) £'000
Non-current assets				
Investments at fair value through profit or loss	10	172,821	183,195	166,039
Total non-current assets		172,821	183,195	166,039
Current assets				
Trade and other receivables	11	1,262	2,112	2,796
Cash and cash equivalents	16	1,976	1,595	1,217
Total current assets		3,238	3,707	4,013
Total assets		176,059	186,902	170,052
Current liabilities				
Trade and other payables	12	(235)	(304)	(803)
Total current liabilities		(235)	(304)	(803)
Total liabilities		(235)	(304)	(803)
Net assets		175,824	186,598	169,249
Equity				
Called up share capital	13	1,721	1,721	1,721
Share premium	13	43,820	43,819	43,820
Revenue reserve	14	4,025	(1,198)	(2,550)
Capital reserve		126,258	142,256	126,258
Shareholders' funds		175,824	186,598	169,249
Net assets per share (pence per share)	15	102.2	108.5	98.4

The accompanying notes form an integral part of the condensed set of financial statements.

The condensed set of unaudited financial statements was approved by the Board of Directors and authorised for issue on 24 June 2024.

They were signed on its behalf by:

Richard Davidson

Chair

CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD TO 31 MARCH 2024

	Notes	Called up share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2023		1,721	43,820	125,099	(1,391)	169,249
Total comprehensive income for the period	14	—	—	6,512	63	6,575
Net assets attributable to Shareholders at 31 March 2024		1,721	43,820	131,611	(1,328)	175,824

	Notes	Called up share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2022		1,721	170,075	10,120	(1,333)	180,583
Share issue costs	13	—	3	—	—	3
Share premium cancellation	13	—	(126,259)	126,259	—	—
Total comprehensive income for the period	14	—	—	5,877	135	6,012
Net assets attributable to Shareholders at 31 March 2023		1,721	43,820	142,256	(1,198)	186,598

	Notes	Called up share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2022		1,721	170,075	10,120	(1,333)	180,583
Share issue costs	13	—	3	—	—	3
Share premium cancellation	13	—	(126,259)	126,259	—	—
Total comprehensive income for the period	14	—	—	(11,279)	(58)	(11,338)
Net assets attributable to Shareholders at 30 September 2023		1,721	43,820	125,099	(1,391)	169,249

The Company's reserves consist of the Capital reserve attributable to fair value unrealised gains on the Fund portfolio's valuation.

There have been no realised gains or losses at the reporting date.

CONDENSED UNAUDITED STATEMENT OF CASH FLOWS

FOR THE PERIOD TO 31 MARCH 2024

	Period ended 31 March 2024 (Unaudited) £'000	Period ended 31 March 2023 (Unaudited) £'000	Year ended 30 September 2023 (Audited) £'000
Profit/(loss) for the period/year from continuing operations	6,575	6,012	(11,338)
Adjustments for:			
Net (gain)/loss on investments at fair value through profit or loss	(6,512)	(5,877)	11,279
Operating cash flows before movements in working capital	63	135	(59)
Cash flows from operating activities			
(Increase)/decrease in Trade and other receivables	1,534	(1,260)	(1,944)
(Decrease)/increase in Trade and other payables	(568)	(579)	(83)
Net cash inflow / (outflow) from operating activities	966	(1,704)	(2,086)
Cash flows from investing activities			
Investing activities			
Purchase of investments	(135)	(31,027)	(15,513)
Loans to subsidiaries	(135)	—	(15,513)
Net cash used in investing activities	(270)	(31,027)	(31,026)
Cash flows from financing activities			
Financing activities			
Share issue costs	—	—	3
Net cash inflow from financing activities	—	—	3
Net increase/(decrease) in cash and cash equivalents	759	(32,731)	(33,109)
Cash and cash equivalents at beginning of period/year	1,217	34,326	34,326
Cash and cash equivalents at end of period/year	1,976	1,595	1,217

The accompanying notes form an integral part of the condensed set of financial statements.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD TO 31 MARCH 2024

1. Company information

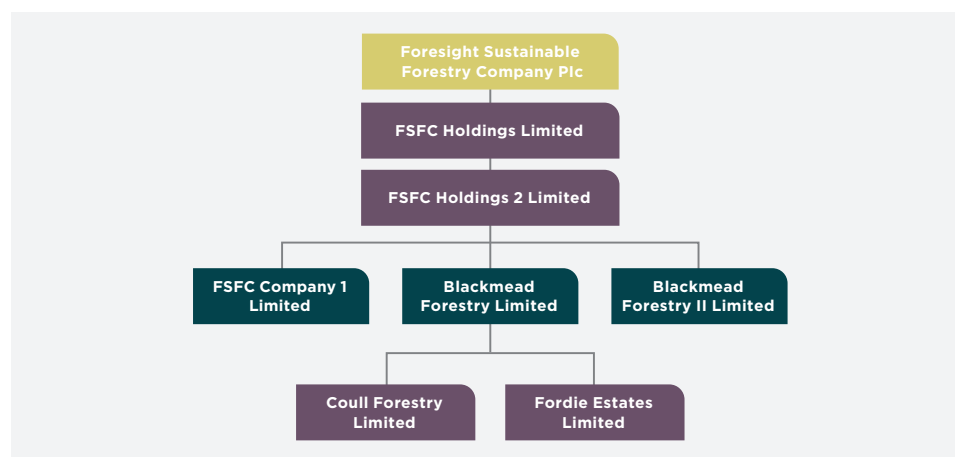
(a) Statutory information

Foresight Sustainable Forestry Company Plc (the “**Company**” or “**FSF**”), a public limited company limited by shares, was incorporated and registered in England and Wales on 31 August 2021 with registered number 13594181 pursuant to the Companies Act 2006. The Company’s registered address is The Shard, 32 London Bridge Street, London, United Kingdom, SE1 9SG.

(b) Corporate structure

The Company has one investment, FSFC Holdings Limited, and FSFC Holdings Limited in turn has one investment, FSFC Holdings 2 Limited; together this is the “Group”.

FSFC Holdings 2 Limited has three investments: FSFC Company 1 Limited, Blackmead Forestry Limited and Blackmead Forestry II Limited. Blackmead Forestry Limited has two investments: Coull Forestry Limited and Fordie Estates Limited. These five entities together are the special purpose vehicles (“**SPVs**”).



The Group’s principal activity is investing in UK forestry, afforestation and natural capital assets.

The condensed unaudited financial statements of the Company are for the six-month period to 31 March 2024 and have been prepared on the basis of the accounting policies set out below.

The financial statements comprise only the results of the Company, as its direct investments in FSFC Holdings Limited, FSFC Holdings 2 Limited, and all underlying SPVs thereafter, are measured at fair value as detailed in the significant accounting policies below.

2. Significant accounting policies

(a) Basis of preparation

This set of condensed unaudited financial statements has been prepared in accordance with UK adopted International Accounting Standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and on a going concern basis. The accounting policies set out below have, unless otherwise stated, been applied consistently to the periods presented in these financial statements.

These financial statements have also been prepared in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (“**SORP**”) issued in April 2021 by the Association of Investment Companies (“**AIC**”).

The same accounting policies and standards have been observed in these interim financial statements as were applied in the last annual financial statements, with no change to the nature or effect of these standards’ application.

These financial statements are presented in sterling (£) and rounded to the nearest thousand unless otherwise stated. They have been prepared on accounting policies, significant judgements, key assumptions and estimates set out below.

These financial statements do not intend to constitute statutory accounts as defined in Section 434(3) of the Companies Act 2006 as they are unaudited. As such, these statements have been neither audited nor formally reviewed. Statutory accounts in respect of the period to 30 September 2023 have been audited and reported on by the Company’s auditors and delivered to the Registrar of Companies and included the report of auditors.

No statutory accounts in respect of any period after 30 September 2023 have been reported on by the Company’s auditors or delivered to the Registrar of Companies.

Any estimates and underlying assumptions are reviewed on a regular basis and revisions to accounting estimates are recognised in the period when they occur and in any future period affected. The significant estimates, judgements or assumptions are set out in note 10.

These financial statements comprise the results for the unaudited six-month period to 31 March 2024 as well as comparatives to the audited period ended 30 September 2023 and the unaudited six-month period ended 31 March 2023.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

2. Significant accounting policies continued

(b) Going concern

The Directors have adopted the going concern basis in preparing the Interim Report. In their assessment of going concern they have reviewed comprehensive cash flow forecasts prepared by the Investment Manager and believe, based on the forecasts and an assessment of the Company's cash position and liquidity of the investment portfolio, that the Company will continue in operational existence for at least 12 months from the date of approval of the financial statements and therefore consider it appropriate to prepare the financial statements on a going concern basis. As at 31 March 2024, the Company had net assets of £175.8 million including £2.0 million of cash; it also has a remaining balance of £11.7 million undrawn from the £30 million Revolving Credit Facility, held by its indirect subsidiary, which can be utilised for the Company's working capital requirements. As such, considering all factors mentioned above, the Company's cash position is considered sufficient to meet all current obligations as they fall due.

The Directors have also assessed the impact of significant potential risks to the operations of the Company since incorporation and the principal risks in the UK forestry and afforestation markets including the various risk mitigation measures in place and do not consider these to have a material impact on the assessment of the Company as a going concern.

In addition to these risks, the Directors have also considered the sustainability-related risks covering environmental, social and governance factors, including climate change (in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), outlined in the financial disclosures in the Annual Report and Financial Statements for the year ended 30 September 2023). The Investment Manager has reviewed the portfolio's exposure to these risks in the period under review and has concluded that it is currently not material to the Company, although it continues to monitor the market attentively.

The Directors have also considered the impact of the proposed acquisition by Arizona Bidco Limited when making their going concern assessment. It is not expected that this transaction would have any material impact on the Company's ability to continue as a going concern as the underlying portfolio remains unchanged.

(c) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being an investor in UK forestry and afforestation assets, to generate real returns for investors as well as capital appreciation. The financial information used by the Board to allocate resources and manage the Company presents the business as a single segment comprising a homogeneous portfolio.

(d) Key estimates and judgements

Key judgements

Investment entity status

The Company conducts a judgement in relation to its status as an investment entity by satisfying the three criteria below:

- (i) It must obtain funds from multiple investors for the purpose of providing its investment management services to those investors
- (ii) It must commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both. Similarly, the entity must ensure there is also an exit strategy for such investments
- (iii) It must measure and evaluate the performance of its investments on a fair value basis

The Company assesses its compliance with the requirements of being an investment entity in note 3 in more detail.

Key accounting estimates

Fair valuation of investment assets – Red Book valuation

The market value of the Company's underlying investment portfolio held through its SPVs consisting of forestry, afforestation and non-core assets (investment portfolio/properties) is determined by an external valuer (see note 10) to be the estimated amount for which an asset should exchange on the date of the valuation in an arm's-length transaction. Properties have been valued on an individual basis. The external valuer prepares their valuations in accordance with the RICS Valuation – Global Standards July 2017 (the "Red Book"). Factors reflected comprise current market conditions, including the comparable market value of similar freehold forestry assets, the potential uplift in land value above current in-use value (relevant to planting land), the location and situation of individual assets, potential vulnerability to winter storms and the developmental status of properties (if afforestation). The market conditions stated are assessed on a bi-annual basis. These are also subject to an accounting estimate that the Directors are satisfied with. The significant methods and assumptions used by the external valuers in estimating the fair value of investment assets are set out in note 10.

Fair value of investment assets – carbon credit valuation

The carbon credit valuations are not determined by an external valuer but are currently based on the Ecosystem Marketplace collected trade data from UK Woodland Carbon Code and Peatland Code market participants who are project developers and resellers through the Ecosystem Marketplace Global Carbon Markets Hub. These are also subject to an accounting estimate that the Directors are satisfied with.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

2. Significant accounting policies continued

(e) Taxation

Income taxes

Income taxes represent the sum of the tax currently payable, withholding taxes suffered and deferred tax. Tax is charged or credited in the statement of comprehensive income, except where it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

The tax currently payable is based on the taxable profit for the year. This may differ from the profit included in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. To enable the tax charge to be based on the profit for the year, deferred tax is provided in full on temporary timing differences, at the rates of tax expected to apply when these differences crystallise.

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profits will be available against which temporary differences can be set off. In practice, some assets that are likely to give rise to timing differences will be treated as capital for tax purposes. Given capital items are exempt from tax under the Investment Trust Company rules, deferred tax is not expected to be recognised on these balances.

All deferred tax liabilities are offset against deferred tax assets, where appropriate, in accordance with the provisions of IAS 12. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Basis of consolidation

The Company's objective is to invest in UK forestry and afforestation assets through its holding companies, which will typically issue equity and loans to finance the investments.

Assessment as an investment entity

IFRS 10 Consolidated Financial Statements sets out the following essential criteria, necessary for a company to be considered as an investment entity.

Definition of an investment entity/trust:

- (i) It must obtain funds from multiple investors for the purpose of providing its investment management services to those investors
- (ii) It must commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both. Similarly, the entity must ensure there is also an exit strategy for such investments
- (iii) It must measure and evaluate the performance of its investments on a fair value basis

In assessing whether the Company meets the definition of an investment entity set out in IFRS 10, the Directors note that:

- (i) The Company is an investment company that invests funds obtained from multiple investors in a diversified portfolio of UK forestry and afforestation assets and has appointed Foresight Group as the Investment Manager to manage the Company's investments
- (ii) The Company's purpose is to invest funds with the intention of providing real returns to investors and capital appreciation driven by global demand for timber. The Company's exit strategy will depend on factors of portfolio balance and/or profit
- (iii) The Board evaluates the performance of the Company's investments on a fair value basis as part of the quarterly management accounts review and the Company values its investments on a fair value basis driven by a RICS valuation provided by Savills (the "external valuer") using various assumptions to reflect current market conditions. This includes, amongst other factors, the comparable market value of similar freehold forestry assets. These fair value assessments happen on a bi-annual basis and are included in the Company's annual and interim financial statements, with the movement in the valuations taken to the condensed statement of comprehensive income and is therefore measured within its earnings

The Directors have concluded that the Company meets the definition of an investment entity in accordance with IFRS 10 after evaluation of the relevant criteria.

The Directors continue to consider the Company demonstrates the characteristics and meets the requirements to be considered an investment entity.

IFRS 10 states that investment entities are required to hold subsidiaries at fair value through profit or loss rather than consolidation on a line-by-line basis; this means that the Group's cash, debt and working capital balances are included in the fair value of the investment instead of in the Company's assets and liabilities. The Company has one investee, namely FSFC Holdings Limited, which invests the funds of the FSF investors on its behalf and is effectively performing investment management services on behalf of several unrelated beneficiary investors.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

4. Return on investment and interest income

	Period ended 31 March 2024 (Unaudited) £'000	Period ended 31 March 2023 (Unaudited) £'000	Year ended 30 September 2023 (audited) £'000
Unrealised fair value movement of investments	6,512	5,877	(11,279)
Interest income			
- Loans to direct subsidiary	1,308	1,260	2,364
Interest income - Bank	16	210	241
Total	7,836	7,347	(8,674)

5. Investment management fee

	Period ended 31 March 2024 (Unaudited) £'000	Period ended 31 March 2023 (Unaudited) £'000	Year ended 30 September 2023 (audited) £'000
Investment management fee	762	767	1,562
Total	762	767	1,562

Foresight Group LLP were appointed as the Investment Manager for the Company under an Investment Management Agreement. Under the terms of the agreement, the Investment Manager is entitled to a management fee from the Company, which is calculated quarterly in arrears at 0.85% per annum of NAV up to £500 million and 0.75% per annum of NAV that is above £500 million. In addition, 0.85% was charged on £9.1 million drawn from the RCF during the past 12 months, due to the drawdown being made to fund the acquisition of new assets.

The Company paid £762,177 during the period. No further investment management fees were billed nor accrued and remained unpaid at period end.

6. Operating expenses

	Period ended 31 March 2024 (Unaudited) £'000	Period ended 31 March 2023 (Unaudited) £'000	Year ended 30 September 2023 (audited) £'000
Administration services fee	60	63	129
Director fees paid	96	100	191
Other expenses ¹	343	404	782
Total	499	567	1,102

1. Other expenses include adviser fees, independent valuer fees, audit fees, broker fees, depositary fees and other Fund-related costs.

Details of Directors' fees are set out in note 22.

7. Dividends

The Company did not pay any dividend in the period to 31 March 2024.

8. Taxation

The Company received notice on 11 November 2021 confirming it is an approved Investment Trust for accounting periods commencing on or after 23 November 2021. The approval is subject to the Company continuing to meet the eligibility conditions of Section 1158 Corporation Taxes Act 2010. Furthermore, there are also ongoing requirements for approved companies in Chapter 3 of Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instrument 2011/2999). To maintain its ITC status, the Company must adhere to the following conditions throughout an accounting period:

- The Company must not be a closed company at any time in an accounting period
- An investment trust must not retain in respect of an accounting period an amount which is greater than 15% of its income for the accounting period, and the relevant distribution must be distributed before the filing date for the investment trust's company tax return for the period
- An investment trust must notify HMRC of a revised investment policy before the filing date for its tax return for the accounting period in which the investment policy was revised
- An investment trust must notify HMRC in writing of a breach of any of the conditions in Section 1158 or any of the requirements in the regulations as soon as possible after the investment trust becomes aware of the breach

The Company regularly monitors the conditions required to maintain ITC status.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

8. Taxation continued

	31 March 2024 £'000	31 March 2023 £'000	30 September 2023 £'000
Income taxes	—	—	—
Current period to 31 March 2024	31 March 2024 £'000	31 March 2023 £'000	30 September 2023 £'000
Profit/(loss) before tax	6,575	6,012	(11,338)
Profit/(loss) before tax multiplied by the rate of corporation tax in the UK of 25%	1,644	1,503	(2,154)
Effects of:			
Non-taxable capital profits due to UK approved Investment Trust Company status	(1,628)	(1,469)	2,143
Non-taxable dividend income	—	—	—
Dividend designated as interest distributions	—	—	—
Prior period deferred tax	—	—	—
Temporary differences on which deferred tax is not recognised	(16)	(34)	11
Total income tax charge in the statement of comprehensive income	—	—	—

Reconciliation of income taxes in the statement of comprehensive income

The tax charge for the period is different from the standard rate of corporation tax in the UK, currently 25% (2023: 25%), and the difference is explained below:

The Company's affairs are directed so as to allow it to meet the requisite conditions to continue to operate as an approved Investment Trust Company for UK tax purposes. The approved investment trust status allows certain capital profits of the Company to be exempt from tax in the UK and also permits the Company to designate the dividends it pays, wholly or partly, as interest distributions. These features enable approved Investment Trust Companies to ensure that their investors do not ultimately suffer double taxation of their investment returns, i.e. once at the level of the investment fund vehicle and then again in the hands of the investors.

Analysis of tax expense

There was no corporation tax payable during the period to 31 March 2024. As a result, the tax charge for the period is £nil. Investment gains are exempt from owing to the Company's status as an investment trust.

Factors that may affect future total tax charges

At the period end, there is a potential deferred tax asset of £247,230 in relation to excess management expenses carried forward. The deferred tax asset is unrecognised at the period end in line with the Company's stated accounting policy.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

9. Earnings per share

	Capital reserve £'000	Revenue reserve £'000	Total £'000
Revenue and capital profit attributable to equity holders of the Company	6,512	63	6,575
Average number of Ordinary Shares	172,056	172,056	172,056
Net assets attributable to Shareholders at 31 March 2024 (pence)	3.8	0.0	3.8

	Capital reserve £'000	Revenue reserve £'000	Total £'000
Revenue and capital profit attributable to equity holders of the Company	5,877	135	6,012
Average number of Ordinary Shares	172,056	172,056	172,056
Net assets attributable to Shareholders at 31 March 2023 (pence)	3.4	0.1	3.5

	Capital reserve £'000	Revenue reserve £'000	Total £'000
Revenue and capital profit attributable to equity holders of the Company	(11,279)	(59)	(11,338)
Average number of Ordinary Shares	172,056	172,056	172,056
Net assets attributable to Shareholders at 30 September 2023 (pence)	(6.6)	0.0	(6.6)

10. Investments at fair value through profit or loss

	31 March 2024 £'000	31 March 2023 £'000	30 September 2023 £'000
Fair value at start of the period	166,039	146,291	146,291
Loans to intermediate holding companies	135	26,500	15,513
Equity investment in holding companies	135	4,527	15,513
Unrealised gain/(loss) on investments at fair value	6,512	5,877	(11,278)
Total	172,821	183,195	166,039

There is a loan between FSF and FSFC Holdings Limited for £37,469,413. The rate of interest on the loan has been set at 7% per annum. Interest accrued at the period end and outstanding at the reporting date was £1,254,796.

The Company owns 129,998,378 shares in FSFC Holdings Limited that were purchased for a consideration of £1.00 per share.

Fair value investments

The Investment Manager has carried out fair value market valuations of the underlying SPV investments as at 31 March 2024 as administered by Savills. The Directors have approved the methodology used, as well as confirming their understanding of all underlying key assumptions applicable. All SPV investments are at fair value through profit or loss and are valued using the IFRS 13 framework for fair value measurement.

Savills includes all investments under ownership by FSF in their portfolio valuation, for both afforestation and forestry properties. The valuations have been prepared in accordance with the RICS Valuation – Global Standards July 2017 (the “Red Book”) and incorporate the recommendations of the International Valuation Standards which are consistent with the principles set out in IFRS 13.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

10. Investments at fair value through profit or loss continued

Fair value of assets continued

Savills, in forming its opinion, makes various assumptions on the basis of current market conditions; the following are the key assumptions made:

Fair value of assets

- Savills employs a “comparable approach” by analysing comparable market value(s) of similar freehold forestry and afforestation assets from recent transactions, when assessing what fair value is reasonable to attribute to assets with similar features, held by subsidiaries of FSF.

Planting land value

- Savills includes a reasonable view of the potential for afforestation sites’ value uplift over time, rather than viewing the current value of these sites as only attributable to their current use as grazing land.
- Savills takes account of the relevant stage each site is currently at of the forestry grant application process when reaching a judgement.

Location and situation

- Due to the assets under ownership being located across the UK (Scotland, Northern England and Wales), Savills accounts for the potential differences in market interest associated in different locations.

Winter storm vulnerability

- Savills makes assessments on the basis of the extent of damage suffered by sites due to extreme windblow incidents. Where damage is extensive, Savills will make prudent adjustments to the value of the site, if it is evident that some of the affected timber may be challenging to recover.

Developmental status of afforestation sites

- Due to the nature of operations for the afforestation assets, Savills applies reassessments as to the value of an asset when a new developmental milestone occurs.

The value associated with the carbon credits attached with the Establishment Stage Afforestation properties is excluded from the RICS Red Book valuation of these properties. As previously mentioned in the report, value recognition for carbon credits is ascribed using the Investment Manager’s assessment. For further detail, please see an explanation of the methodology on page 12.

Fair value hierarchy

The Group considers that all of its investments fall within Level 3 of the fair value hierarchy as defined by IFRS 13. There have been no transfers between Level 1 and Level 2 during any of the periods, nor have there been any transfers between Level 2 and Level 3 during any of the periods.

The valuations have been prepared on the basis of market value (“**MV**”), which is defined in the RICS Valuation Standards as: “The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Market Value as defined in the RICS Valuation Standards meets the requirements of fair value defined under IFRS.

11. Trade and other receivables

	31 March 2024 £'000	31 March 2023 £'000	30 September 2023 £'000
Interest receivable from subsidiaries	1,254	2,112	2,796
Prepayment	8	—	—
Total	1,262	2,112	2,796

12. Trade and other payables

	31 March 2024 £'000	31 March 2023 £'000	30 September 2023 £'000
Creditors	1	14	455
Accruals	234	266	348
Intercompany account	—	24	—
Total	235	304	803

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

13. Called up share capital

	Number of shares
Allotted share capital, issued and fully paid	
Opening balance at 1 October 2023	172,056,075
Allotted/redeemed since 1 October 2023	—
Ordinary Shares issued	—
Total number of Ordinary Shares at 31 March 2024	172,056,075

	Share capital £'000	Share premium £'000	31 March 2024 £'000	31 March 2023 £'000	30 September 2023 £'000
Opening balance	1,721	43,820	45,541	171,796	171,796
Costs associated with share issuance	—	—	—	3	3
Cancellation of share premium	—	—	—	(126,259)	(126,258)
Total	1,721	43,820	45,541	45,540	45,541

At the beginning of the period, the total number of Ordinary Shares in issue was 172,056,075. Each Ordinary Share has equal rights to dividends and has equal rights to participate in a distribution arising from a winding up of the Company. The Company has not issued any further Ordinary Shares.

14. Retained earnings

	Revenue £'000	Capital £'000	31 March 2024 £'000	31 March 2023 £'000	30 September 2023 £'000
Opening balance	(1,391)	(1,159)	(2,550)	8,787	8,787
Profit/(loss) for the period/year	63	6,512	6,575	6,012	(11,337)
Cancellation of share premium	—	—	—	126,259	—
Closing balance	(1,328)	5,353	4,025	141,058	(2,550)

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

15. Net Asset Value per Ordinary Share

The total Net Asset Value per Ordinary Share is based on the net assets attributable to equity Shareholders as at 31 March 2024 of £175.8 million and Ordinary Shares in issue of 172,056,075.

	31 March 2024	31 March 2023	30 September 2023
NAV (£m)	175.8	186.6	169.2
Number of Ordinary Shares issued (million)	172.1	172.1	172.1
Net Asset Value per Ordinary Share (pence)	102.2	108.5	98.4

16. Cash and cash equivalents

At period end, the Company held cash and cash equivalents of £2.0 million. This balance was held by HSBC Bank plc.

	31 March 2024 £'000	31 March 2023 £'000	30 September 2023 £'000
Cash and cash equivalents:			
HSBC Bank plc – Current account	58	1,427	855
HSBC Bank plc – Liquidity Fund	1,918	168	362
Total cash and cash equivalents	1,976	1,595	1,217

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

17. Financial instruments

Financial instruments by category

The Company held the following financial instruments at 31 March 2024. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

	Cash and bank balances £'000	Financial assets held at amortised cost £'000	Financial assets at fair value through profit or loss £'000	Financial liabilities at amortised cost £'000	Total £'000
Non-current assets					
Investments at fair value through profit or loss (Level 3)	—	—	172,821	—	172,821
Current assets					
Trade and other receivables	—	1,262	—	—	1,262
Cash and cash equivalents	1,976	—	—	—	1,976
Total financial assets	1,976	1,262	172,821	—	176,059
Current liabilities					
Trade and other payables	—	—	—	(235)	(235)
Total financial liabilities	—	—	—	(235)	(235)
Net financial instruments	1,976	1,262	172,821	(235)	175,824

The Company holds its portfolio of assets at fair value. These assets are held through the Company's underlying subsidiaries/intermediate holding companies (the "Group"). The assets in the Group are valued in accordance with RICS Valuation – Global Standards July 2017 (the "Red Book") methodology, with inspections conducted by an independent valuer at the end of the period.

Savills' fair value assessment of the assets has been completed on a comparable basis by looking at recent transactions of similar assets, to assess current market value, outlined in note 10. As a management review control, the Investment Manager applies the discounted cash flow approach ("DCF") to value the assets and provide a precision level for validation of the fair value presented by Savills. Whilst the two methodologies differ, the Investment Manager has recorded an immaterial difference between the respective portfolio valuation results in both the interim period and the year-end period.

The Directors consider the DCF methodology used by the Investment Manager to validate the Red Book valuation to be appropriate. The Board and Investment Manager annually review the valuation inputs and, where possible, make use of observable market data to ensure valuations reflect fair value of the assets. A broad range of assumptions are used in the valuation, which are based on long-term forecasts and are not affected by short-term fluctuations in inputs, be it economic or operational.

For management control purposes of comparing the two valuations on a like-for-like basis, neither the DCF valuation nor RICS valuation conducted by Savills include explicit recognition of Verified Carbon ("VC") value. The Investment Manager has therefore calculated an estimated value on the progress made on obtaining the rights to PIUs. To date, c.36,000 PIUs have been successfully progressed to being fully validated by the Woodland Carbon Code.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

17. Financial instruments continued

Sensitivity analysis of the portfolio

The sensitivity of the portfolio to changes in mature forestry asset valuation is as follows:

The portfolio valuation of mature forestry and afforestation assets is based on the RICS Red Book valuation approach. The Directors consider the Red Book market value of the assets, which is a combination of several factors, including timber growth rates, weighted age distribution and yield class, to be the most important unobservable input underpinning the valuation methodology described on page 12. The Directors believe that the provision of market value sensitivity analysis of mature forestry, afforestation and mixed forestry and afforestation assets is appropriate to align with the Company's portfolio composition.

Mature forestry asset valuation

The sensitivity of the portfolio to changes in mature forestry asset valuation is as follows:

The independent valuer conducts inspections of all mature forestry assets on a semi-annual basis, then provides a valuation based on RICS methodology. The base case used for forestry asset value as at 31 March 2024 was £75.9 million. Due to this asset class forming significantly more than 10% of the current portfolio valuation, this was deemed an appropriate sensitivity to sample.

	Changes in portfolio valuation	Changes in NAV per share
Forestry assets sensitivity		
Forestry assets value increases by 10%	+£7.6m/+4.0%	+4.4p
Forestry assets value decreases by 10%	-£7.6m/-4.0%	-4.4p

Afforestation asset valuation

The sensitivity of the portfolio to changes in afforestation asset valuation is as follows:

The independent valuer conducts inspections of all afforestation assets on a semi-annual basis, then provides a valuation based on RICS methodology. The base case used for afforestation asset value as at 31 March 2024 was £70.7 million. Due to this asset class forming more than 10% of the current portfolio valuation, this was deemed an appropriate sensitivity to sample.

	Changes in portfolio valuation	Changes in NAV per share
Afforestation assets sensitivity		
Afforestation assets value increases by 10%	+£7.1m/+3.7%	+4.1p
Afforestation assets value decreases by 10%	-£7.1m/-3.7%	-4.1p

Mixed forestry and afforestation asset valuation

The sensitivity of the portfolio to changes in mixed forestry and afforestation asset valuation is as follows:

The independent valuer conducts inspections of all mixed assets on a semi-annual basis, then provides a valuation based on RICS methodology. The base case used for the asset value of mixed forestry and afforestation assets as at 31 March 2024 was £27.3 million. Due to this asset class forming more than 10% of the current portfolio valuation, this was deemed an appropriate sensitivity to sample.

	Changes in portfolio valuation	Changes in NAV per share
Mixed forestry and afforestation assets sensitivity		
Mixed assets value increases by 10%	+£2.7m/+1.4%	+1.6p
Mixed assets value decreases by 10%	-£2.7m/-1.4%	-1.6p

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

17. Financial instruments continued

Sensitivity analysis of the portfolio continued

Carbon credit valuation

The sensitivity of the portfolio to changes in mixed forestry and afforestation asset valuation is as follows:

The Investment Manager conducts inspections of all carbon credits on a semi-annual basis, then provides a valuation based on a comparable transactions-based methodology. The base case used for the asset value of carbon credits as at 31 March 2024 was £9.2 million.

Carbon credit value sensitivity	Changes in portfolio valuation	Changes in NAV per share
Carbon credits value increases by 10%	±£0.9m/±0.5%	+0.5p
Carbon credits value decreases by 10%	-£0.9m/-0.5%	-0.5p

Non-core asset valuation

Due to the relatively small size of the non-core assets in the Company's valuation, the sensitivity to movement in this part of the portfolio is deemed immaterial, so no sensitivity analysis has been conducted.

Capital management

The Group, which comprises the Company and its non-consolidated subsidiaries, manages its capital to ensure that it will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balances. The capital structure of the Group principally consists of the share capital account and retained earnings as detailed in notes 13 and 14. The Group aims to deliver its objective by investing available cash and using leverage whilst maintaining sufficient liquidity to meet ongoing expenses.

Gearing ratio

The Company's Investment Manager reviews the capital structure of the Company and the Group on a semi-annual basis. The Company and its subsidiaries intend to make prudent use of leverage for financing acquisitions of investments and working capital purposes. Under the Company's Articles, and in accordance with the Company's investment policy, the Company's outstanding borrowings, excluding the debts of underlying assets, will be limited to 30% of the Company's Net Asset Value. The ratio at 31 March 2024 was 10.4%.

As at 31 March 2024, the Company had no outstanding debt. The Company's subsidiary FSFC Holdings 2 Limited has a £30.0 million Revolving Credit Facility, of which £18.3 million was drawn, with a remaining capacity of £11.7 million at 31 March 2024.

Financial risk management

The Group's activities expose it to a variety of financial risks: capital risk, liquidity risk, market risk (including interest rate risk and inflation risk) and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

For the Company and the intermediate holding companies, financial risks are managed by the Investment Manager, which operates within the Board-approved policies. All risks continue to be managed by the Investment Manager. The various types of financial risk are managed as follows:

Financial risk management - Company only

The Company accounts for its investments in its subsidiaries at fair value, to the extent there are changes as a result of the risks set out below, these may impact the fair value of the Company's investments.

Capital risk

The Company has implemented an efficient financing structure that enables it to manage its capital effectively. The Company's capital structure comprises equity only (refer to the statement of changes in equity). As at 31 March 2024, the Company had no recourse to debt, although as set out above, the Company's subsidiary FSFC Holdings Limited is a guarantor for the Revolving Credit Facility of FSFC Holdings 2 Limited.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

17. Financial instruments continued

Financial risk management continued

Liquidity risk

The Directors monitor the Company's liquidity requirements to ensure there is sufficient cash to meet the Company's operating needs. The Company's liquidity management policy involves projecting cash flows and forecasting the level of liquid assets necessary to meet these. Due to the nature of its investments, the timing of cash outflows is reasonably predictable and, therefore, is not a major risk to the Company. The Company was in a net cash position and had no outstanding debt at the balance sheet date.

Market risk - foreign currency exchange rate risk

All the cash flows and investments are denominated in pounds sterling.

Financial risk management - Company and non-consolidated subsidiaries

The following risks impact the Company's subsidiaries and in turn may impact the fair value of investments held by the Company.

Market risk - interest rate risk

Interest rate risk arises in the Company's subsidiaries on the Revolving Credit Facility borrowings and floating rate deposits. Borrowings issued at variable rates expose those entities to variability of interest payment cash flows. Interest rate hedging may be carried out to seek to provide protection against increasing costs of servicing debt drawn down by the holding company as part of its Revolving Credit Facility. This may involve the use of interest rate derivatives and similar derivative instruments.

Market risk - inflation risk

Historically, over the long term, timber and forest asset values have been positively correlated to inflation. General recognition is for forestry as an asset class having inflationary protection characteristics, but it should be noted that there is no contracted link between inflation and timber or forest asset prices.

Market risk - timber price risk

Timber revenue forms a significant majority of forecasted revenues for the Company's investments. Whilst projections suggest a steady income flow through the sale of timber, there is a risk that timber prices will drop due to market forces and reduce the revenues the Fund will receive. This risk is mitigated by the ability of the Company and underlying investments to sustain its liquidity, even in the event of withholding from timber sales, given sub-optimal pricing.

Credit risk

Credit risk is the risk that a counterparty of the Company or its subsidiaries will default on its contractual obligations it entered into with the Company or its subsidiaries. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers.

The Company and its subsidiaries place cash in authorised deposit takers and is therefore potentially at risk from the failure of such institutions. In respect of credit risk arising from other financial assets and liabilities, which mainly comprise of cash and cash equivalents, exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks, cash is maintained with major international financial institutions. During the period and at the reporting date, the Company maintained relationships with HSBC Bank plc.

	Moody's credit rating	31 March 2024 £'000	31 March 2023 £'000	30 September 2023 £'000
HSBC Bank plc	P1	1,976	1,595	1,217
Total cash and cash equivalents		1,976	1,595	1,217

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

18. Subsidiaries

The following subsidiaries have not been consolidated in these financial statements as a result of applying the requirements of “Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10)”. The Company is not contractually obligated to provide financial support to the subsidiaries and there are no restrictions in place in passing monies up the structure.

Name	Direct or indirect holding	Country of incorporation	Registered address	Principal activity	Proportion of shares and voting rights held
FSFC Holdings Limited	Direct	UK	C/O Foresight Group LLP The Shard, 32 London Bridge Street London, SE1 9SG, England	Holding company	100%
FSFC Holdings 2 Limited	Indirect	UK	C/O Foresight Group LLP The Shard, 32 London Bridge Street London, SE1 9SG, England	Holding company	100%
FSFC Company 1 Limited	Indirect	UK	C/O Foresight Group LLP The Shard, 32 London Bridge Street London, SE1 9SG, England	SPV	100%
Blackmead Forestry Limited	Indirect	UK	The Shard, 32 London Bridge Street London, SE1 9SG, England	SPV	100%
Blackmead Forestry II Limited	Indirect	UK	C/O Foresight Group LLP The Shard, 32 London Bridge Street London, SE1 9SG, England	SPV	100%
Coull Forestry Limited	Indirect	UK	C/O Foresight Group LLP The Shard, 32 London Bridge Street London, SE1 9SG, England	SPV	100%
Fordie Estates Limited	Indirect	UK	C/O Foresight Group LLP, Clarence House 133 George Street, Edinburgh, EH2 4JS, Scotland	SPV	100%

19. Employees and Directors

The Company is governed by an independent and non-executive Board of Directors. There are four Non-Executive Directors. Please refer to the Annual Report for details as to the Directors' emoluments.

20. Contingencies and commitments

The Company has no guarantees or significant capital commitments as at 31 March 2024.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

21. Events after the balance sheet date

The Directors have evaluated the need for disclosures and/or adjustments resulting from post balance sheet events through to the date the financial statements were available to be issued.

As of 10 May 2024, due to successful planting completed post period end, the Company reported an additional c.650,000 trees planted at four afforestation properties. Based on the Company's comparable transactions-based approach to carbon credit valuation, the completion of these planting schemes created a further 50,562 PIUs, valued at £1.0 million. In addition, based on an independent RICS Red Book methodology approach to property valuation, the additional four completed planting schemes are expected to result in a net gain of £1.1 million, which culminates in an aggregated c.1.2 pence per share of net portfolio value gains.

On 29 May 2024, the Board announced that FSF had reached agreement on the terms of a recommended acquisition, pursuant to which Arizona Bidco Limited ("**Bidco**"), a wholly owned indirect subsidiary of Avera Park Limited ("**Avera Park**"), will acquire the entire issued and to be issued Ordinary Share capital of FSF that the Avera Park Group does not already own (the "**Acquisition**"). The recommended Acquisition is intended to be implemented through a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act (the "**Scheme**"). The recommended Acquisition would see Bidco acquire up to all the remaining shares Avera Park does not already own and see FSF de-list from the London Stock Exchange, to continue as a privately owned entity.

The proposed transaction does not cast any material doubt on the entity's ability to continue as a going concern, nor does it require any adjustment to be made in these financial statements.

22. Related party transactions

Following admission of the Ordinary Shares (refer to note 13), the Company and the Directors are not aware of any person who, directly or indirectly, jointly, or severally, exercises or could exercise control over the Company. The Company does not have an ultimate controlling party.

The transactions between the Company and its subsidiaries, which are related parties of the Company and fair values, are disclosed in note 10. Details of transactions between the Company and related parties are disclosed below.

This note also details the terms of the Company's engagement with Foresight Group LLP, the Investment Manager.

Transactions with the Investment Manager

The Investment Manager, Foresight Group LLP, is entitled to a base fee on the following basis:

- (i) 0.85% per annum of the Net Asset Value of the Fund up to and including £500.0 million
- (ii) 0.75% per annum of the Net Asset Value of the Fund in excess of £500.0 million

The relevant management fees chargeable referenced above are also charged on any amounts drawn down under any debt facilities of the Company where the drawdowns are utilised for the acquisition of core assets, for a period of 12 months from the date of initial drawdown.

The investment management fees incurred during the period to 31 March 2024 were £762,177, of which £nil remained unpaid as at 31 March 2024.

Additionally, the Company incurred fees during the period to 31 March 2024 of £60,000, which related to administration services provided by the Investment Manager, in its capacity as Administrator for the Company.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD TO 31 MARCH 2024

22. Related party transactions continued

Other transactions with related parties

The amount incurred in respect of Directors' fees during the period to 31 March 2024 was £86,500. The Directors also received £1,348 in relation to miscellaneous Director expenses. These amounts had been fully paid as at 31 March 2024. The amounts paid to individual Directors were as follows:

Director	Taxable benefits £	Basic and Committee fees £	Total £
Richard Davidson (Chair)	—	25,500	25,500
Sarika Patel	118	22,250	22,368
Christopher Sutton	613	19,250	19,863
Josephine Bush	617	19,500	20,117
Total	1,348	86,500	87,848

The Directors held the following shares in the Company:

Director/PDMR/PCA	Number of Ordinary Shares	% of issued Ordinary Share capital
Richard Davidson (Chair)	150,000	0.09
Sarika Patel	40,000	0.02
Christopher Sutton	35,000	0.02
Josephine Bush	19,000	0.01

The above transactions were undertaken on an arm's-length basis.

DIRECTORS AND ADVISERS

Directors

Richard Davidson (Chair)
Josephine Bush
Sarika Patel
Christopher Sutton

Investment Manager, Administrator and Company Secretary Foresight Group LLP

The Shard
32 London Bridge Street
London SE1 9SG

Registrar and 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

Corporate Broker

Stifel Nicolaus Europe Limited

150 Cheapside
London EC2V 6ET

Public Relations

SEC Newgate

14 Greville Street
London EC1N 8SB

Solicitors to the Company Gowling WLG (UK) LLP

4 More London Riverside
London SE1 2AU

Independent Auditor Ernst & Young LLP

1 More London Riverside
London SE1 2AF

Valuation Adviser Savills Advisory Services Ltd

Earn House
Broxden Business Park
Perth PH11 1RA

GLOSSARY OF TERMS

APMs	Alternative Performance Measures
Company	Foresight Sustainable Forestry Company Plc
CPA	Construction Products Association
DTR	Disclosure Guidance and Transparency Rules
EJDF	E.J. Downs Forestry, who have significant experience in the forestry management space and advise the Company on silvicultural decisions
Ernst & Young LLP	Ernst & Young is the Company's auditor
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
Foresight	Foresight Group LLP
FSC	Forest Stewardship Council
FSF	Foresight Sustainable Forestry Company Plc
Fund	Foresight Sustainable Forestry Company Plc
GAV	Gross Asset Value on investment basis including debt held at Company and subsidiary level
H&S	Health and safety
HMRC	HM Revenue & Customs
ICVCM	Integrity Council for Voluntary Carbon Markets
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards as adopted by the EU
Intermediate holding companies	Companies within the Group which are used to invest in afforestation and forestry assets, namely FSFC Holdings Limited and FSFC Holdings 2 Limited
Investment Manager	Foresight Group LLP, appointed by Foresight Group CI Limited
IPO	Initial Public Offering
ITC	Investment Trust Company
LSE	London Stock Exchange

NAV	Net Asset Value
PEFC	Programme for the Endorsement of Forest Certification
PIU	Pending Issuance Units
Portfolio	The 69 assets in which FSF had a shareholding as at 31 March 2024
RCF	Revolving Credit Facility
RICS	Royal Institution of Chartered Surveyors
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
S&ESG	Sustainability and ESG
Savills	Savills Advisory Services Limited
SBTi	Science Based Targets initiative
SORP	Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts
SPHN	Statutory Plant Health Notifications
SPV	The Special Purpose Vehicles which hold the Company's investment portfolio of underlying operating assets
SRPI	Small Roundwood Price Index
SSPI	Softwood Standing Price Spruce
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Task Force on Nature-Related Financial Disclosures
UK	The United Kingdom of Great Britain and Northern Ireland
UK ETS	UK Emissions Trading Scheme
VCM	Voluntary Carbon Market
VCMI	Voluntary Carbon Markets Integrity Initiative
WCC	UK Woodland Carbon Code



Foresight
SUSTAINABLE
FORESTRY
COMPANY PLC

Foresight Sustainable Forestry Company Plc

The Shard
32 London Bridge Street
London
SE1 9SG

fsfc.foresightgroup.eu