GRESHAM HOUSE FOREST FUND I LP
(FFI, the LP)

Memorandum to Limited Partners
Proposals for Fund Amalgamation
30 June 2026

This document is important and requires your immediate attention. It involves your holding in the LP. It is in your interest to vote in relation to the matters as set out in this document.

Gresham House Asset Management Limited (the "Manager") has carefully constructed these proposals following consultation with the LP's Advisory Committee. The Manager recommends these proposals to all Limited Partners as being in their best interests and recommends that they vote to approve the Resolution.

If you are in any doubt about this proposal, you should consult an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 to advise on Unregulated Collective Investment Schemes.

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1. INTRODUCTION

Proposal to Limited Partners – Fund Amalgamation

In accordance with the Third Amended and Restated Limited Partnership Agreement (LPA) dated 1 June 2020, which governs the terms of the LP, we refer to the matters set out below for your consideration.

Gresham House Asset Management (GHAM), the Manager, is recommending the amalgamation of three Gresham House forestry Funds (FFI, Sustainable Timber & Energy LP (STELP), and Timberland LP (TLP) – together the Funds) by way of a series of steps concluding with the amalgamation of the STELP and TLP assets into FFI (the amalgamated Fund).

In summary:

1. To implement this process the Manager is proposing to offer Limited Partners in STELP and TLP the opportunity to transfer their holdings into FFI and for the corresponding value of assets from those Funds to then be transferred into FFI. These transfers will be non-dilutive for all Limited Partners.

2. The Manager is proposing that FFI as the amalgamated Fund will commence a new 10-year initial term, with continuation votes for five-year extensions at years 10, 15, and 20, thereby resetting the duration for a long-term horizon (with a final termination date in November 2051).

3. The Manager is proposing that the recurring and non-recurring Gresham House annual management fees in the amalgamated Fund would be less than the current weighted average fee across the three Funds (a reduction from 0.62% to 0.60%). The Manager is also proposing to reduce certain transactional fees, which will further benefit Limited Partners.

4. As part of the amalgamation process, the Manager is proposing to offer Limited Partners the opportunity to either add to their holding in the amalgamated Fund or request a disposal of part or all of their holding. The Manager will seek to arrange additional liquidity for any request which exceeds inbound funds available from existing Limited Partners from the sale of assets up to 10% of Fund Net Asset Value (NAV) and, if necessary, from a new large-scale institutional Limited Partner.

The proposals summarised above will be implemented by specific changes made to the FFI LPA, which Limited Partners are being asked to approve. Further background to the Fund amalgamation proposals is set out in Section 2, and information on the proposed amendments to the LPA is set out in Section 3.

GHAM, as Manager of the LP, recommends voting in favour of the Fund amalgamation. The amalgamated Fund will provide a stronger and more diversified portfolio compared to the individual Fund portfolios. This targets better cash flows and underpinning of future distributions to Limited Partners. The amalgamated Fund will also offer the ability for Limited Partners to obtain future liquidity as part of a managed annual process and thus provide superior liquidity outcomes.

The Manager has consulted the LP's Advisory Committee (consisting of three voting Limited Partners and a non-voting Consultant), who have unanimously accepted GHAM's Conflict of Interest Statement in relation to the proposed Fund amalgamation and approved the steps and procedures proposed by GHAM to implement the Fund amalgamation, should Limited Partners vote in favour.

In order for the Fund amalgamation to proceed, 75% by value of FFI Limited Partners voting need to vote in favour of the amendments to the FFI LPA. Separate votes are also being held in STELP and TLP.

2. SUMMARY

2.1. Background to Fund amalgamation proposals

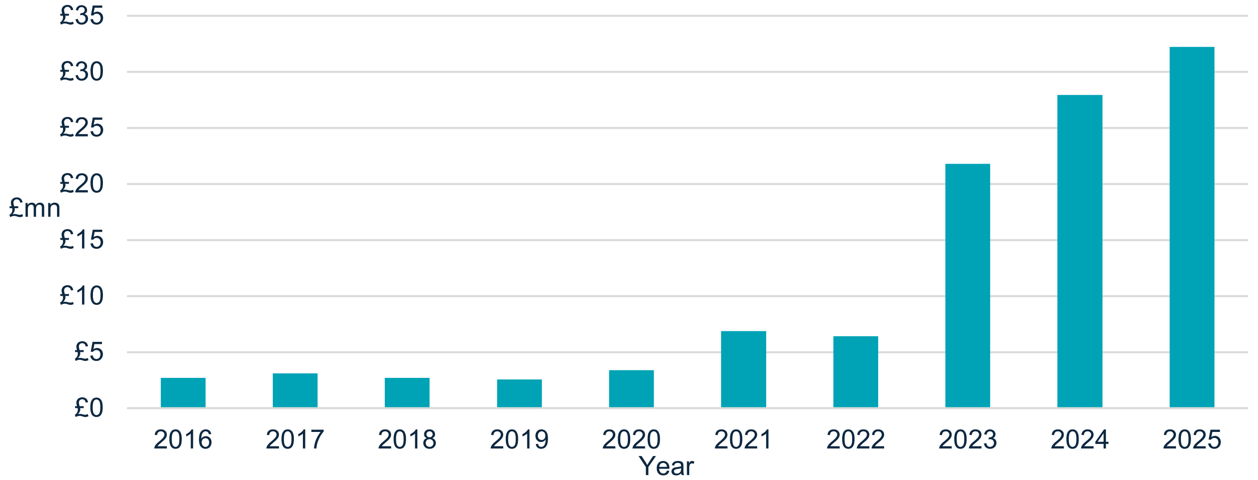
In recent years, Gresham House and many Limited Partners have noted a significant increase in the quantum of secondary Partnership shares offered for sale across the discretionary forestry Limited Partnerships, which has caused an imbalance of supply and demand, resulting in the Partnership shares trading at a widening discount to the Net Asset Value (NAV) of the underlying assets.

While these Limited Partnerships have generated strong returns, well in excess of their stated target returns, the prices achieved for secondary Partnership shares and the relative lack of recent liquidity are causing concern to the Manager and some Limited Partners. The issue has been raised in recent Annual General Meetings, and the Manager has received clear feedback from Limited Partners that they are looking to the Manager to address the issue and formulate proposals to improve the situation.

Below are summary graphs illustrating the recent history of secondary share sale volumes and their corresponding prices.

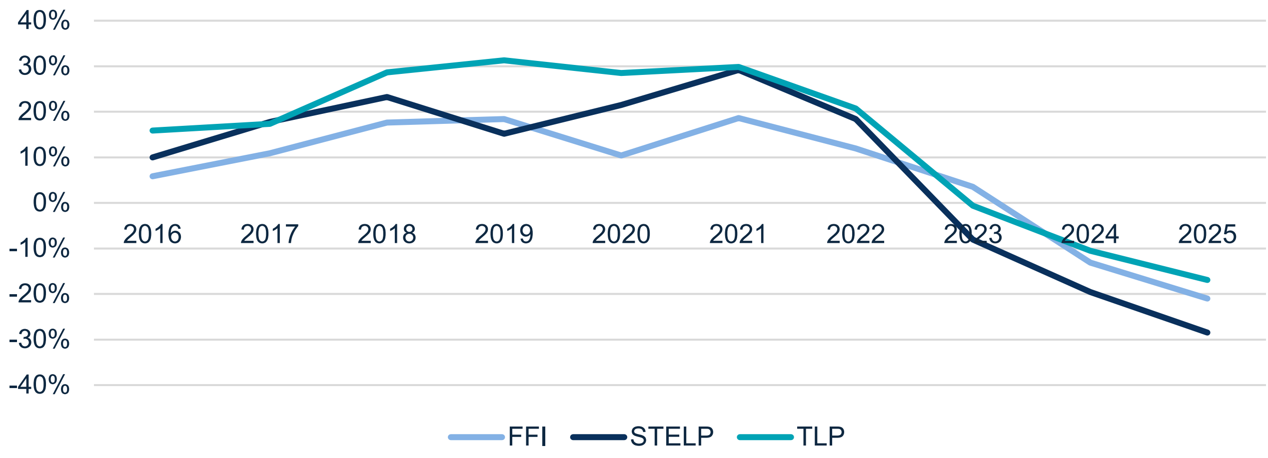
The summary data clearly shows the correlation between the increase in supply of secondary shares and the corresponding reduction in the prices being achieved for the shares relative to the prevailing NAV.

Combined annual value (£mn) of shares marketed across the three Funds* less value rolled



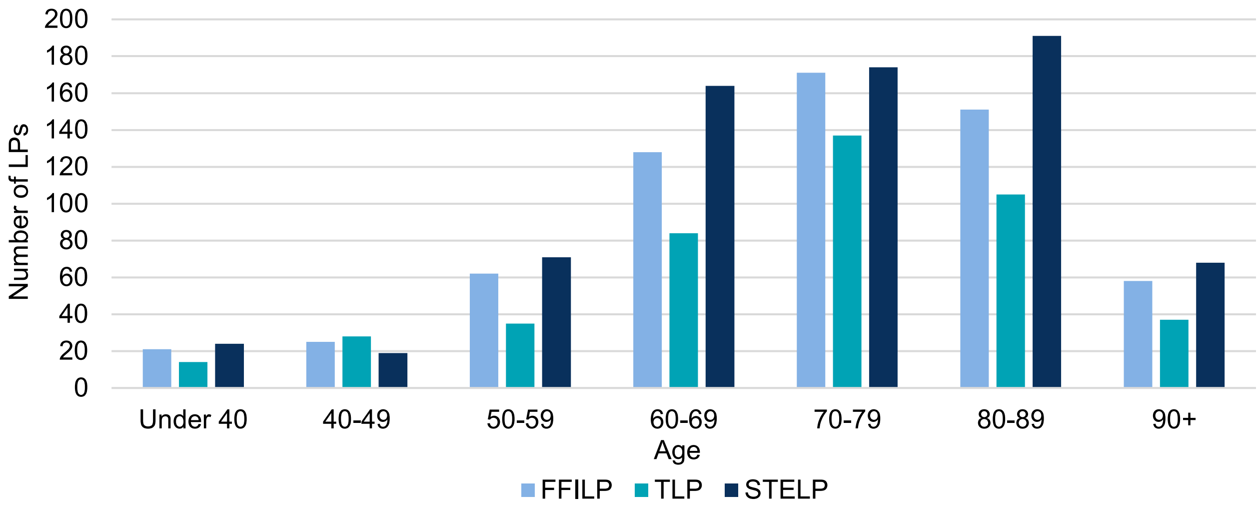
** Combined values shown for Gresham House Forest Fund I LP (FFI), Gresham House Sustainable Timber & Energy LP (STELP) and Gresham House Timberland LP (TLP) up to the latest full calendar year. Value marketed is the value of shares offered for sale, calculated as Net Asset Value (NAV) multiplied by the number of shares marketed, less those not sold and rolled to subsequent sales (i.e. the same holdings are not counted more than once).*

Weighted average Premium/Discount to NAV of accepted offers on secondary shares



A significant proportion of secondary shares are offered for sale on behalf of beneficiaries or executors of deceased Limited Partners, once the significant inheritance tax (IHT) reliefs have been utilised. The Manager considers that the Limited Partner age profile may lead to a continuing increase in supply of secondary shares and accordingly believes there is a deteriorating situation which requires addressing.

Limited Partner Age Demographic*



**As at 22/06/2026*

There is no legal obligation or commitment under the existing terms of the relevant LPAs for the Manager to provide or arrange liquidity, and all Limited Partners have subscribed to the Funds based on the long-term nature of the assets and the set termination dates being the primary mechanism for liquidity. However, the Manager is mindful that the current liquidity situation is not beneficial for the long-term prospects of the Limited Partners or the Funds, irrespective of the contractual termination dates.

In the Manager's view, there is a clear trend and evidence that the situation has deteriorated and will continue to do so and therefore warrants action.

2.2. Proposals

The Manager has conducted a detailed comparison of the structural position of the Funds, with a view to making amendments to improve their long-term viability and the outcomes for Limited Partners.

It is the Manager's view that the compatibility between the Funds presents a strategic opportunity to amalgamate the assets into one Fund with a combined NAV of c.£960 million. The amalgamated Fund is expected to deliver portfolio efficiency gains, alongside improvements in ongoing liquidity, by creating a larger scale vehicle of enhanced interest to institutional Limited Partners.

It is proposed to use FFI as the amalgamated Fund, it being the largest Fund in terms of NAV and having the longest track record of the three Funds. Accordingly, the LPA for FFI will need to be amended to incorporate the other two Funds and implement the other changes detailed in this Memorandum, subject to Limited Partners voting in favour of the Resolution.

Limited Partners transferring from STELP and TLP would receive a proportionate allocation of shares in FFI, representing the aggregate value of their existing interest in STELP and/or TLP. The aggregation of these Funds will therefore be value neutral to Limited Partners on inception, and will avoid dilution, as all transfers will occur at the NAV of their interests based on independent external valuations, which will be instructed upon approval of the Resolution.

A summary of the key attributes of the Funds is presented in the table below:

Fund Name	Inception Date	First Termination Date	Target IRR	IRR to date	NAV (mn)	Current Income Yield*	Total Area (Hectares)
FFI	Dec 2008	Nov 2033	7.0%	10.1%	£392.7mn	1.5%	20,493
STELP	May 2010	May 2028	7.0%	12.0%	£385.8mn	1.5%	17,388
TLP	May 2015	July 2032	7.0%	7.9%	£181.7mn	1.9%	9,596

**Latest distribution, as a percentage of opening NAV*

The Funds share similar legal structures, objectives and management fees. Importantly, the Funds' first termination votes are approaching, which is believed to present a constraint for potential purchasers of secondary shares. The diminishing remaining term of the Funds is also sub-optimal for the remaining Limited Partners, who may prefer to have a longer period of contractual certainty, for example for IHT planning purposes, and avoid a potential 'cliff edge' scenario as these Funds approach termination dates.

The target IRR of 7% is consistent across the Funds and will remain the target return for FFI.

Continuing Inheritance Tax (Business Property Relief) and Capital Gains Tax relief

Based on a King's Counsel Opinion dated 18 May 2026 (a copy of which is available to LPs upon request), the transfer of Limited Partnership Shares from STELP and TLP into FFI are subject to the "Replacement Property" rules for IHT purposes. Therefore, the Business Property Relief (BPR) status of Limited Partnership Interests is unaffected by the amalgamation. In addition, the BPR two-year qualifying period is not interrupted and is not reset (under s107 Inheritance Tax Act 1984). Existing FFI Limited Partners also retain uninterrupted BPR relief.

Any potential CGT liability (e.g. in the form of unrealised valuation gains on land on amalgamation) will be "rolled" into Limited Partners' interests in the amalgamated entity, such that the amalgamation event will not crystallise a 'dry' CGT charge for Limited Partners who are not disposing of their shares.

Please note that the above should be used only as a guide and does not constitute legal or tax advice to individual Limited Partners. Gresham House Asset Management Limited does not provide taxation advice. Limited Partners are advised to consult their own professional advisers in relation to the implications of the proposals contained in this Memorandum, which may vary in relation to their own particular circumstances.

2.3. Rationale for continuing Limited Partners

The Manager considers that a larger scale, consolidated Fund incorporating the STELP and TLP portfolios will provide significant advantages for the future management and prospects of the amalgamated Fund, as summarised below:

Enhanced liquidity options (including a new annual process)

The Manager considers that once the existing backlog of secondary shares has been cleared and a new, longer-term liquidity strategy within a larger vehicle is created, the secondary share sale prices are likely to significantly improve, due to the increased appeal and future prospects of the amalgamated Fund, including to institutions who are only interested in making large-scale allocations.

A structured annual liquidity process will be introduced as described in Section 3.2. This will be funded either through 'top-up' subscriptions from existing and/or new Limited Partners, and where necessary limited asset disposals and returns of capital from the Fund.

Reduced management fees

Limited Partners will benefit from a reduction in management and transaction fees as described in Section 3.3, potentially improving Limited Partner returns. The weighted average annual management fee will reduce from 0.62% to 0.60% and transaction fees will be significantly reduced as well.

Greater portfolio diversification and improved risk mitigation

A larger scale portfolio benefits from more geographic diversification, a greater range of timber inventory and the ability to harvest the wider portfolio in a more efficient and value additive manner. These are expected to manifest an improvement to the financial performance and risk profile for Limited Partners.

A larger scale, more diversified combined portfolio which will include an element of recurring income from the STELP renewable energy assets, will reduce risks presented at an individual portfolio level, in terms of cash generation and payment of distributions.

Improved consistency of distributions

The amalgamated Fund will have an improved and more diversified asset base from which to generate revenue, and accordingly the consistency of distributions (which currently differs between the three Funds) will be enhanced. The moderation of distribution amounts in recent years due to timber price weakening has been a source of dissatisfaction to some Limited Partners and we expect the opportunity to reduce the income risk to be a significant positive for Limited Partners.

Consolidation for multiple holdings for certain Limited Partners

Many Limited Partners have holdings across several of the Funds and it is expected that a combined Fund will simplify their holdings into a single Fund and provide a simpler IHT solution for their future needs. In these circumstances, only one annual Taxable Income Statement will be required per Limited Partner rather than multiple statements and only one Partnership tax return will need to be filed by Limited Partners.

Improve margins and profitability within the amalgamated Fund

The amalgamated Fund will target economies of scale in relation to operational management on items such as capital expenditure and geographic management synergies. This should result in an increase in operational profit margins, which would result in the amalgamated Fund being more financially resilient and enhancing competitive advantage.

2.4. Portfolio composition

The asset composition of the three portfolios is very similar, largely comprising of freehold UK productive forestry assets and all three Funds are Scottish Limited Partnerships.

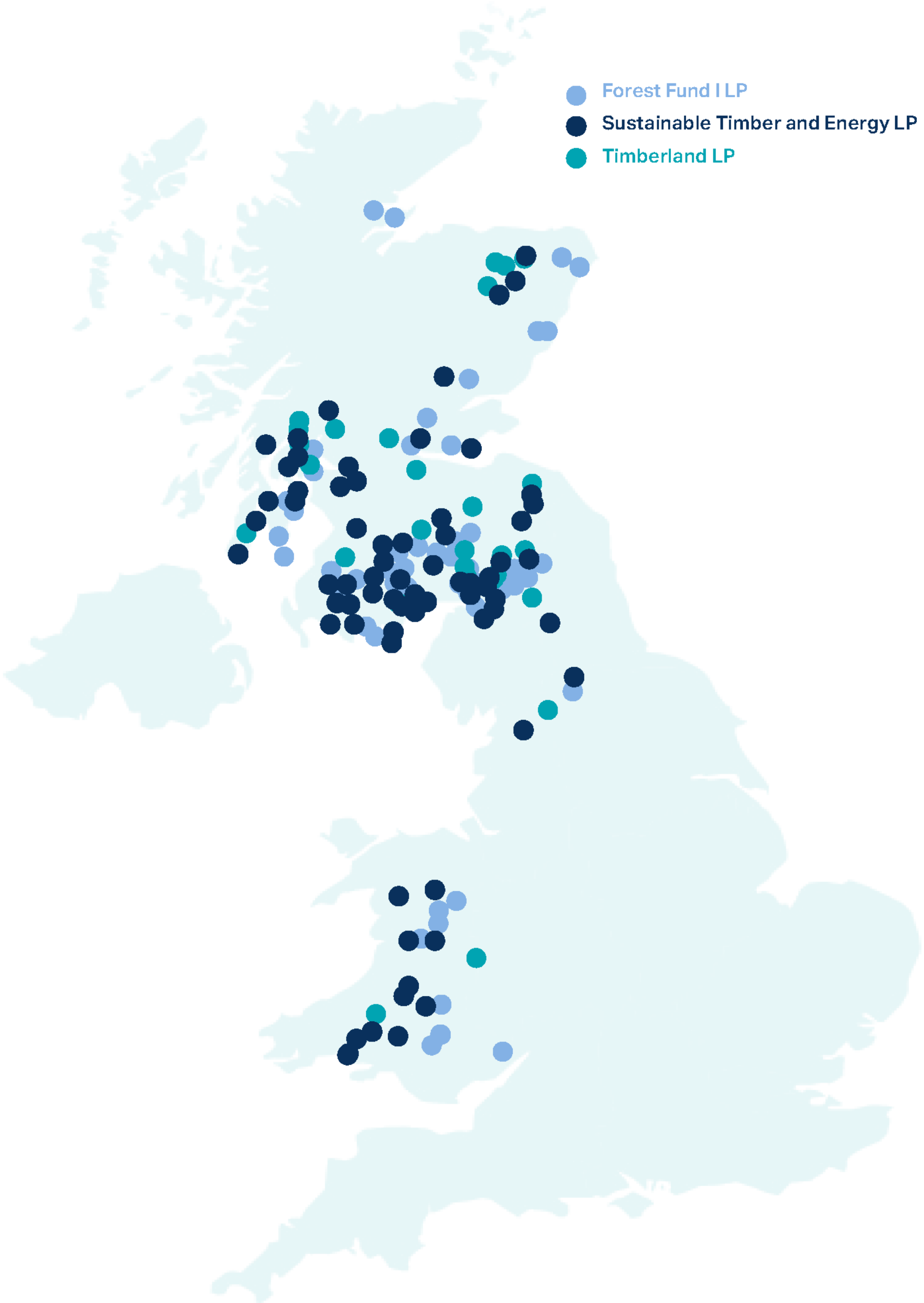
Unlike FFI and TLP, STELP has a small allocation to renewable energy generating assets which on amalgamation would represent c.4.5% of the amalgamated Fund. This is a low proportion of the amalgamated Fund value but provides strategic revenue diversification and recurring cash flows which will provide support for ongoing distribution requirements.

The amalgamation of these assets is expected to be highly complementary, resulting in synergistic enhancements such as improved operational efficiencies, strategic timber harvesting planning and cash flow management.

	FFI	STELP	TLP	Amalgamated Fund
As at Date	30/11/2025	31/05/2025	31/07/2025	30/11/2026
Total Area (Hectares)	20,493	17,388	9,596	47,477
Commercial Crop Area (Hectares)	15,520	12,729	6,788	35,037
NAV (mn)	£392.7	£385.8	£181.7	£960.2
No. Properties	64	70	28	162
Forestry Allocation*	100%	88.7%	100%	95.5%
Renewables Allocation	0%	11.3%	0%	4.5%
Valuation £/Hectare of Commercial Crop Area	£26,031	£25,925	£26,481	£26,080

**Net current assets included in forestry portfolio*

Further detail of the FFI, STELP and TLP portfolios and the combined profile of the amalgamated Fund asset composition is summarised in the updated Forest Fund I LP Information Memorandum dated 30 June 2026.


Forest Fund I LP
Sustainable Timber and Energy LP
Timberland LP

3. STRUCTURAL AMENDMENTS TO THE LIMITED PARTNERSHIP AGREEMENT (LPA)

A redline comparison showing the proposed changes to the FFI LPA has been shared separately.

A hard copy is available from the Manager upon request. A summary of the key proposed changes is provided in this section of the Memorandum.

3.1. Liquidity – Initial process

As part of the amalgamation process, the Manager will offer Limited Partners the opportunity to either add to their holding within the amalgamated Fund or request a disposal of part or all of their holding.

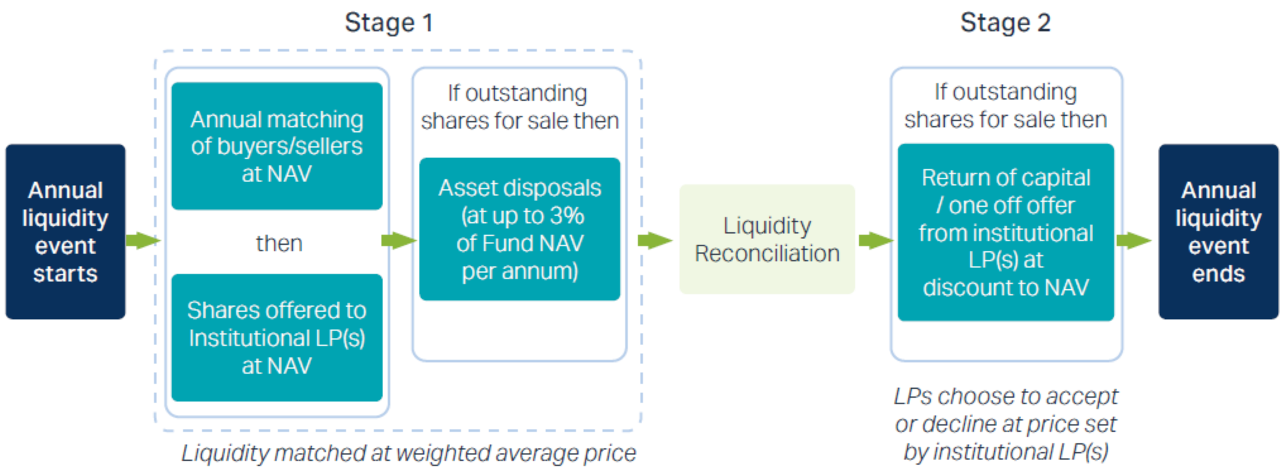
The Manager will seek to arrange additional liquidity for any request which exceeds inbound funds available from existing Limited Partners from the sale of assets at up to 10% of Fund NAV. The overall price achieved per Partnership share will be the weighted average price generated from these transactions net of sales fees and costs. It is envisaged that these measures will sufficiently cover all, or if not the vast majority, of liquidity requests at a weighted average price close to NAV.

In the unlikely event that additional liquidity is required beyond this amount, the Manager will seek to arrange further capital, either from a new large-scale institutional Limited Partner or through Fund returns of capital, at a discount to NAV to be finalised, expected to be c.15%. This additional tranche of liquidity would be a separate offer following completion of the above steps. Limited Partners seeking to sell more shares than are covered by offers from existing Limited Partners and the sale of assets will have the option to proceed with this additional offer or decline it.

3.2. Liquidity – Annual process

Following the initial liquidity process and removal of the current backlog of secondary shares, the Manager is also proposing to implement an ongoing annual liquidity programme starting in year two, with the targeted objective to provide exiting Limited Partners with a significantly reduced discount to NAV in comparison to what is currently being achieved through the existing secondary share sale process.

The proposal is that the annual liquidity event will use the following waterfall process, based on advice on the legal, tax and regulatory matters that would underpin this process:



If asset disposals are required to fund a sell side imbalance (see below), then all sellers will receive the same "blended" price. As the amalgamated Fund will operate a revised carried interest structure which is tested annually (see section 3.3), Limited Partners disposing of their Partnership shares via the annual liquidity process will have their share of any annual carried interest deducted from their disposal proceeds.

Stage 1a: Matching of buyers/sellers at NAV:

Limited Partners who wish to buy or sell interests in the amalgamated Fund will be requested to declare their requests for transfers of Partnership shares annually, shortly after the publication of the annual revaluation. This will provide the Manager with sufficient time to arrange liquidity through the various waterfall steps, for settlement of the trades by no later than 30 September each year.

On receipt of purchase/sale commitments the Manager will, to the extent possible, facilitate share transfers between buyers and sellers. To ensure fairness, the Manager will have discretion as to how share transfers are allocated.

In the event of a remaining buy side imbalance, the General Partner will have discretion to issue new shares in the LP at NAV, to fulfil some or all of the excess demand. This will be non-dilutive for remaining Limited Partners.

In the event of a remaining sell side imbalance from offers received by existing Limited Partners, the Manager will approach appropriate external Limited Partners to source demand for the additional liquidity at NAV.

Stage 1b: Asset disposals (up to a maximum of 3% of Fund NAV per annum):

In the event of a remaining sell side imbalance, the Manager will initiate a strategic asset disposal programme limited at up to 3% of Fund NAV per annum, with the intention of generating net sale proceeds in line with, or very close to, NAV, to satisfy liquidity requests. The forestry assets will all be independently valued. A mixture of age classes and geographically located forests will be selected for sale, to ensure that neither exiting nor remaining Limited Partners are disadvantaged.

Stage 2: Return of capital from amalgamated Fund/offer from institutional Limited Partner(s) (at a discount to NAV to be agreed):

In the event of a remaining sell side imbalance after the above steps, the Manager will seek to facilitate additional liquidity through a combination of a return of capital from the amalgamated Fund and/or external sources such as new capital from an institutional Limited Partner. It is noted that this final stage of the waterfall process is likely to result in a wider discount to NAV than the previous steps of the waterfall process.

It is therefore proposed that where this third stage is required, Limited Partners will be provided with two liquidity offers:

a. An offer for the pro rata amount of each Limited Partner’s liquidity request that can be fulfilled using Stage 1, with the weighted average price from that process
b. An additional offer for the remaining amount of requested liquidity based on the price achieved using Stage 2

Limited Partners who have requested liquidity will be able to decide whether to sell only the shares that are fulfilled using Stage 1 of the process, potentially selling less than requested but at the highest possible price, or selling the remaining shares in addition, generating more liquidity, but likely to be at a lower average price.

The Manager considers that the implementation of a structured, bespoke annual liquidity process with additional depth and capacity will underpin confidence in the secondary share sale prices of the amalgamated Fund and improve outcomes for Limited Partners.

In addition to the formal annual process listed above, the current secondary share sale process will continue to facilitate ad hoc sales. This will be run on an annual basis in October each year.

In order to return capital to Limited Partners under the statutory regime for Limited Partnerships it is proposed to reregister FFI as a Private Fund Limited Partnership (PFLP) to facilitate this, as the rules under the 1907 Limited Partnership Act contain restrictions on return of capital by Limited Partnerships that are not PFLPs. This is an administrative process which will be implemented by the Manager as part of the amalgamation. Limited Partners in the LP should note this return of capital restrictions remain in relation to their existing capital. In the very unlikely event of an insolvent liquidation the LP, they may have a residual liability. The Manager is currently seeking a longer-term solution to resolve this “theoretical” risk.

3.3. Fee structure

The Manager is proposing to reduce the overall fees of the amalgamated Fund, to the benefit of all Limited Partners.

Recurring management fees

The existing fee basis applicable to the Funds is summarised in the table below, with the proposed fee basis of the amalgamated Fund shown to the right of the table, alongside the weighted average of the current agreements.

FFI and STELP currently have identical annual management fees, being 0.5% of NAV plus a 2% timber marketing fee. TLP has a higher annual management fee of 0.75%, with no timber marketing fees.

On an ongoing basis, the existing fee agreements across the Funds are proposed to be simplified into an all-inclusive 0.60% annual management fee, thereby removing the timber marketing fee currently charged to two of the Funds.

The Manager has calculated that applying this fee basis to the amalgamated Fund will result in the level of management fee income received (based on NAV) being slightly below the existing arrangements and, therefore, believes this is an appropriate basis for the amalgamated Fund, reducing the overall fees charged to Limited Partners.

	FFI	STELP	TLP	Weighted Average/ Total	Amalgamated Fund
Total Gresham House recurring management fee (based on opening NAV)*	**0.60%**	**0.60%**	**0.75%**	**0.62%**	**0.60%**
General Partner and administration Fee	£48,644	£11,000	£7,845	£67,489	**£40,000**
Additional (non-forestry) Income Fee	0%	7.50%	0%	Various	**5%**

**Recurring management fee includes annual management fee, adjusted timber marketing fee, General Partner and administration fee, and STELP's incremental benefit from Additional Income Fee reduction*

The fee rebate policy applied to STELP's renewable energy assets in Gresham House managed entities will continue to apply in the amalgamated Fund, such that any management fee payable to underlying entities is capped at the annual management fee level of the amalgamated Fund.

The Manager is proposing a minor adjustment to the weighted average of the Additional (non-forestry) Income Fee, to reflect the extensive work required to progress wind farm agreements and thus incentivise the Manager to dedicate significant resource to the long-term value enhancement that would be realised by Limited Partners should wind farms be successfully developed. This is a positive change to incentivise value creation: the fee level has been reduced from 7.5% in STELP to 5% in the amalgamated Fund.

Transaction fees

Gresham House will waive the fees on sale or acquisition of Limited Partnership shares and asset transaction fees for transferring existing assets or Partnership shares into the amalgamated Fund.

Initial Liquidity Event: The only one-off fee payable by existing Limited Partners in any of the three Funds will be the 3% fee on the sale of Limited Partnership shares for any Limited Partner who opts to sell. This fee would always have been chargeable on the disposal of Partnership shares and is only chargeable if a Limited Partner opts to sell. New Limited Partners will be subject to a 1.5% purchase fee (waived for existing FFI Limited Partners and those transferring from STELP or TLP).

Annual Liquidity Event: The Manager has decided to reduce the sales transaction fee on the sale of shares in the annual liquidity event from 3% to 2%. The fees on the acquisition of secondary shares (1.5% for new Limited Partners and 1% for existing Limited Partners) are on even more favourable terms than those on sales (2%). This is intended to encourage more buyers.

Interim Liquidity Event: The Manager will continue to operate an interim secondary share sale process for Limited Partners who require ad-hoc liquidity outside of the structured annual event, but this will change from quarterly to annual (with less favourable fees than the annual liquidity event in order to encourage buyers and sellers towards the annual liquidity process).

Limited Partners

	FFI	Amalgamated Fund	Amalgamated Fund	Amalgamated Fund
	Current fees	Initial event fees	Annual liquidity event fees	Interim event fees
Asset transaction fee (on new assets only)	2%	2%	2%	2%
Fee on sale of Limited Partnership shares	3%	3%	2%	3%
Fee on purchase of Limited Partnership shares - new Limited Partner	3%	1.5%	1.5%	1.5%
Fee on purchase of Limited Partnership shares - existing Limited Partner*	0%	0%	1%	1%

**Share purchase fee for existing Limited Partners is 1.5% in STELP and TLP and 0% in FFI, therefore 1% is proposed for the amalgamated Fund for the annual liquidity event*

The Manager is also proposing further fee reductions for Institutional Limited Partners (Limited Partners who have, or acquire, holdings of over £20 million in the amalgamated Fund), as shown in the table below. The rationale for doing so is to future-proof the liquidity provisions by making it more attractive for Institutional Limited Partners to inject capital in subsequent years. Lower transaction fees for such largescale investors should result in more buyers and smaller discounts to NAV.

Institutional Partners (>£20 million)

	FFI	Amalgamated Fund	Amalgamated Fund	Amalgamated Fund
	Current fees	Initial event fees	Annual liquidity event fees	Interim event fees
Asset transaction fee (on new assets only)	2%	0%	0%	0%
Fee on sale of Limited Partnership shares	3%	0.5%	0.5%	0.5%
Fee on purchase of Limited Partnership shares - new Limited Partner	3%	0.5%	0.5%	0.5%
Fee on purchase of Limited Partnership shares - existing Limited Partner	0%	0%	0%	0%

The percentage based fee for both the sale and acquisition of secondary shares by institutional Limited Partners will be capped at £250k + VAT (so a cap of £500k + VAT in aggregate per transaction).

Carried Interest – existing provisions

FFI and STELP both have existing carried interest provisions. TLP does not have a carried interest provision (but has a higher annual fee of 0.75%). The terms of these provisions are summarised below:

Forest Fund I LP:	15% of returns over a hurdle rate of 0.5% in excess of the annualised return as published by the IPD Forestry Index with effect from 1 December 2008.
Sustainable Timber and Energy LP:	15% of returns generated over a hurdle rate of the 7% target IRR with effect from 1 June 2010.
Timberland LP:	No carried interest (due to a higher management fee of 0.75%).

The IPD Forestry Index is no longer in existence and the Manager has not sought to reinstate the FFI clause (noted in the table above) with a successor Index, and therefore no carried interest has been accrued in FFI, as the measurement mechanism has been frustrated. Based on the target IRR of 7.0% and the actual performance of 10.1%, the existing Limited Partners of FFI have enjoyed substantial returns against which the Manager has not received a profit share (which had been intended when FFI was created).

Carried interest – Proposal for amalgamated Fund

In order to incentivise performance, a revised carried interest structure is proposed for the amalgamated Fund, which will replace the existing redundant policy in FFI. The Manager has considered arrangements for similar vehicles and mandates and is proposing that a reduced carried interest rate is implemented, with a more transparent and simple hurdle rate calculation.

The starting date for the carried interest calculation will be the launch date of the amalgamated Fund (i.e., there will be no backdating to account for existing performance since inception across the three Funds).

The proposal is that the Gresham House Special Limited Partner will be entitled to 10% of returns generated over a hurdle rate aligned with the target return of 7% IRR.

It is proposed that the mechanics of the revised carried interest scheme are updated from the historic provisions, seeking to address the model of carried interest being due in one lump sum only payable on the wind down of the Fund, which presents a potential conflict between the Manager and the longevity of the Fund and could cause distortion towards the tail of the Fund term, when carried interest has accrued. An alternative reward structure that allows for earlier distribution to the Gresham House Special Limited Partner is proposed. This will provide a mechanic with continuous out-performance incentivisation over a long Fund duration.

The revised model would involve rolling conversion of accruing carried interest on an annual basis, subject to various Limited Partner protection measures, such as mandatory reinvestment of a fixed proportion of any carry released, independent valuations which are tested against actual performance, a two year deferral window for a proportion of any carry award (so that payments lag performance), and clawback mechanics to allow reversals in the event of performance changes.

To demonstrate the impact of this, assuming the Fund delivers an IRR of 8.0% (1% above the hurdle rate of 7%), the net IRR to the Limited Partners would be 7.9%, versus the 8.0% without carried interest. The Manager therefore considers that this approach offers an improved structure which is commensurate with existing fee levels. A sensitivity analysis illustrating the projected total fee against potential returns is presented below:

IRR (pre carried interest)	IRR (net of carried interest)
7.0%	7.0%
7.5%	7.5%
8.0%	7.9%
8.5%	8.4%
9.0%	8.8%

The Manager confirms that any future carried interest shall be calculated based on a “performance adjusted NAV” metric. This uses the values achieved in the annual liquidity event, alongside the total NAV, to align the value realised by Limited Partners both exiting and remaining and assesses the carry by reference to this adjusted amount, rather than only the unrealised NAV.

In line with the mandatory reinvestment policy, it is expected that any carried interest will ultimately comprise c.75% in cash and c.25% in Limited Partnership shares, to enhance alignment between the Management team and Limited Partners. This allocation is expected to realise a post-tax outcome of approximately 50% cash and 50% Limited Partnership shares.

Restrictions on disposal of deferred carried interest share sales

The Manager considers that valuable future alignment is achieved by allocation of around 50% of the carried interest post-tax value to shares in FFI. However, there also needs to be a provision in place to allow the Manager’s Executives to realise this value over time, but Executives may only dispose of a maximum of 50% of these shares per year.

It is not intended that Gresham House will charge Executives a share sale fee for disposal of deferred carried interest shares, or subject those shares to carried interest, in consideration of the specific nature of this arrangement.

3.4. Distributions

The distribution policy in the amalgamated Fund aims to distribute a similar level of cash to the existing distributions from the combined Funds. This equates to a distribution amounting to an annual targeted 1.5% cash yield of the combined NAV, first payable in November 2027. The General Partner will retain discretion to vary this depending on the status of timber markets and level of cash flow within the Fund, on the basis that 1.5% remains the target long-term average annual distribution yield. It is proposed that a change greater than 20% to the target distribution in any given year will require consultation with the Advisory Committee.

The amalgamated Fund will retain the existing FFI accounting period, which is a year end of 30 November. As the amalgamation would be likely to occur towards the end of the current financial year it is proposed that the target FFI distribution for the financial year ending 30 November 2026 would be paid only to existing FFI Limited Partners (as would otherwise have occurred). Thereafter, the amalgamated Fund will continue to plan payment of annual distributions to all Limited Partners in November.

FFI Limited Partners will receive their annual distribution in late November 2026, whether or not the amalgamation goes ahead.

3.5. Fund duration

It is proposed that the amalgamated Fund commences a new 10-year initial term, with five year continuation votes at years 10, 15 and 20. The voting threshold will match the voting provisions already established in the current Fund structures (75% by value of those voting need to be in favour in order for the Fund to continue).

3.6. Valuation approach to provide future flexibility

To reflect the significant scale of the amalgamated Fund and to better align with modern standards of corporate governance, it is proposed that the FFI portfolio will be externally valued on an annual basis (rather than the current arrangement of every other year). This will ensure that the management fee is always derived from the Net Asset Value, unlike current arrangements which include interim RPI linkage, thereby improving alignment between Manager and Limited Partners in addition to increasing transparency. Due to the cost implication of external valuations, an annual frequency is considered to be sufficient for a long-term asset backed Fund of this nature.

The Manager will continue with the current RICS Red Book methodology (comparables approach) for external valuations for the purposes of the Fund amalgamation but will ensure there is future flexibility to adopt a discounted cash flow (DCF) methodology in future periods (in conjunction with the external valuers), to align with prevailing market practice as appropriate.

3.7. Renewables asset allocation

In order for FFI to accommodate the existing STELP renewable energy assets, the FFI objectives will be amended to permit up to 10% of NAV in renewable energy assets. This is below the 20% allocation permitted under the STELP objectives, reflecting that FFI and TLP do not have existing allocations to renewable energy assets. The existing STELP renewable energy assets represent c.4.5% of the proposed amalgamated Fund total NAV; however, it is considered prudent to allow an appropriate level of headroom for potential valuation movements, and provide optionality to capture additional opportunities that may be considered appropriate, for example equity options on wind farms developed and located on the amalgamated Fund's forests. Top-up and follow on allocations into existing renewables holdings would be permissible where this is value accretive or strategic (e.g. to avoid dilution, enhance cash flow/performance); however, any proposed allocation to new renewable energy projects would require Advisory Committee consultation.

3.8. Gearing and bank borrowing

Under the existing FFI LPA, borrowing is restricted to a limit of 20% of NAV, with current debt of £14.2 million substantially below this limit, equating to 3.6% of NAV.

STELP has a 20% gearing limit, with currently £10.3 million of direct debt (2.7% of NAV), and STELP's share of the indirect ringfenced debt within the renewable energy companies is £36.1 million (9.4% of NAV). STELP therefore has an overall gearing ratio of 12.0% of NAV, including the indirect debt not secured against Fund assets.

TLP does not have any bank debt or gearing.

Both the FFI and STELP debt facilities are with Barclays Bank plc and it is intended to refinance in due course and combine them into a single facility in the amalgamated Fund on completion of the amalgamation. This would equate to a total debt ratio of 6.3% of NAV, assuming a complete amalgamation of all assets.

The maximum permitted borrowing level will remain at 20% of NAV in the amalgamated Fund, in line with the existing limit. The FFI debt provision clause will require to be amended to clarify the language and permit borrowing to accommodate the updated objectives, incorporating the STELP renewable energy assets.

3.9. Amalgamation costs

Based on legal and tax advice, it will be possible to implement an amalgamation of the three Funds with STELP and TLP assets transferring to the amalgamated Fund without incurring stamp duty or land and buildings transaction tax through appropriate structuring of the process, except for a minor stamp duty liability of 0.5% on some of the STELP renewables entities (estimated at £0.1 million). This will involve the existing STELP and TLP Limited Partners transferring their interests in STELP and TLP to FFI in exchange for an issue of FFI interests. The Manager has been advised that it would be prudent for STELP and TLP to remain extant as operational Partnerships for a period of two years after the amalgamation event, instead of being wound down immediately.

The principal costs relating to the amalgamation process will therefore be legal, tax and professional costs in relation to the restructuring of the vehicles, formulation and advice on the Resolutions and the legal process of asset transfers into FFI. In total this is expected to be £0.8 million or (less than 0.1% of NAV). Approximately 50% (£0.4 million) of the costs will occur pre-amalgamation with the remainder expected to be incurred post-amalgamation, largely relating to conveyancing work with property title transfers and the stamp duty on some of STELP's renewables assets. Each Fund will bear its own proportionate share of the pre-amalgamation legal costs and will be settled from the respective Fund prior to the amalgamation. Post-amalgamation costs will be settled from FFI using the combined cash from the three Funds. FFI's share of the legal and professional costs prior to the amalgamation is budgeted to be c.£164,000 (0.04% of NAV), including a pro-rata allocation of the King's Counsel's IHT Opinion which confirms ongoing IHT relief for Limited Partners.

3.10. Sustainability objective

The Partnership objectives for the amalgamated Fund will also be updated to include a Sustainability Objective, which has already been included in STELP's LPA. This objective will be consistent with the amalgamated Fund's existing assets and management policies but will enable the amalgamated Fund to operate within scope of the Financial Conduct Authority Sustainability Disclosure Requirements and Investment Labels regime. The adoption of this label is expected to enhance the attractiveness and suitability of the amalgamated Fund to sustainability conscious Limited Partners, particularly institutions.

3.11. Certain administrative matters

The minimum holding varies across the Funds but amounts to approximately £100,000 of interests. To utilise appropriate exceptions to regulatory restrictions on public offers of securities, the minimum consideration for each separate offer of Partnership shares in the amalgamated Fund (for secondary transfers arranged by GHAM or new issuances) will be set at £100,000. Holdings below this level will still be capable of being transferred, subject to the provisions of the applicable LPAs, by private transfer.

4. CONFLICTS OF INTEREST PROCESS

GHAM takes the identification and management of potential conflicts of interest very seriously.

In accordance with the terms of the LPA, the Advisory Committee (consisting of three voting Limited Partners and a non-voting Consultant) has approved GHAM's Conflicts of Interest Statement and the steps and procedures proposed by GHAM to implement the proposed Fund amalgamation.

5. RESOLUTION

Resolution: Amalgamation of Funds

The Manager considers that there is an opportunity to optimise value for Limited Partners by amalgamating STELP and TLP into FFI and extending the Fund term. This will enable the Manager to improve the operational efficiency and liquidity in the amalgamated Fund.

The Manager believes that the Fund amalgamation will provide a more favourable time horizon to existing Limited Partners, as well as potentially attracting new institutional capital into the Partnership.

Resolution: That the Fund amalgamation will be implemented and the Partnership will adopt the Amended and Restated LPA as circulated on 30 June 2026

Request for liquidity (purchase)

If Yes to the Resolution, would you like to add to your holding using the process described in Section 3 of the Memorandum to Limited Partners (if so, you will be asked to specify the £ amount, which is subject to deduction of any applicable fees, as set out in the Memorandum)

Request for liquidity (sale)

If Yes to the Resolution, would you like to request liquidity using the process described in Section 3 of the Memorandum to Limited Partners (if so, you will be asked to specify the £ amount, which is subject to deduction of any applicable fees, as set out in the Memorandum)

6. IMPLEMENTATION OF FUND AMALGAMATION

Should the Resolution to admit STELP and TLP Limited Partners into FFI be approved, the Manager would implement the amalgamation on the terms set out below.

Implementation

Limited Partners are advised to obtain their own independent legal, financial and tax advice should they wish to do so. In terms of legal mechanics to implement the amalgamation, the Manager proposes that:

First, STELP and TLP Limited Partners are being asked to approve variations to the respective STELP and TLP LPAs. These variations will, in summary (a) approve the transfer of the Partnership shares of those STELP and TLP Limited Partners who wish to participate in the amalgamation by way of an agreed transfer process and (b) appoint the General Partner of each of STELP and TLP respectively to execute the transfer instrument, as attorney on their behalf.

The Manager does not intend to implement and use compulsory transfer mechanisms (which can operate on certain types of Fund amalgamations when a certain voting threshold is met). At the present time, the Manager only intends to transfer the Partnership shares of those STELP and TLP Limited Partners who wish to participate in the amalgamation.

Second, further communications may be issued to those STELP and TLP Limited Partners who either do not wish to participate in the amalgamation or who have not responded to the request to approve the variation described in the preceding step. The purpose of these communications will be to further consult with STELP and TLP Limited Partners; to seek to understand and address any concerns they may have with the amalgamation proposals.

An indicative timeline of the key actions is presented below:

Action	Target Date
Information Packs and Resolutions to Limited Partners	30-Jun-26
Fund amalgamation webinar	8-Jul-26
EGM and voting process for STELP and TLP	29-Jul-26
EGM and voting process for FFI	30-Jul-26
Manager to share results of votes	Early Aug
Instruct independent valuations of FFI, STELP and TLP	Early Aug
Commence asset sales process (as needed)	Early Aug
Receive independent valuations of FFI, TLP and STELP - set NAV for amalgamation	30-Oct-26
Complete transfers of STELP and TLP partnership interests to FFI - issue shares to Limited Partners	30-Nov-26
Issue new shares for Limited Partners requesting "top-up"	30-Nov-26
Complete first tranche of liquidity transactions	30-Nov-26

7. MEETING OF LIMITED PARTNERS

A meeting of Limited Partners is called for 11am Thursday 30 July 2026 at Shoosmiths, 1 Bow Churchyard, London, EC4M 9DQ to vote on the Resolution set out above. Notice of the Meeting and the Resolution to be voted on are attached, together with a Proxy Form.

Limited Partners are able to vote at the meeting or appoint proxies by post or digitally using the online platform. Under the terms of the LPA, the approval of Limited Partners representing 75% by value of the Capital Contributions of the Limited Partners voting on the Resolution, in person or by proxy, is required to pass the Resolution.

Additionally, General Partner consent is required for the passing of the Resolution. Gresham House Forest Funds General Partner Limited, as the General Partner of the LP, has provided its written consent to the passing of the Resolution.

GHAM, as Manager and Operator of the LP, recommends voting in favour of the Resolution.

E.C. Latter

Edward Latter
Director, Forestry
30 June 2026

Appendix I

Summary Comparison Table of Proposed Terms

	FFI	Proposed Amalgamated Structure
Management fees	0.50%	0.60%
Timber Marketing Fee	2.00%	0.00%
General Partner and Administration Fee	£48,644	£40,000 index linked to CPI
Total Gresham House recurring management fee (total of the above fees)	**0.62%**	**0.60%**
Carried interest	15% on excess measured against IPD Forestry Index	10% on excess measured annually against performance targets and subject to various Limited Partner protections
Additional Income Fee	0.00%	5.00%
Next continuation / termination date	Nov-33	Nov-36
Distribution policy	Target an annual distribution of £55.00 per Partnership share as at Nov 2017 increasing annually at a rate of 1% over CPI. (November 2025 distribution equated to 1.5% yield)	Target a 1.5% yield on prior year's NAV
Asset allocation	100% Forestry	Forestry with up to 10% renewables allocation
Valuations	External valuation every two years with internal valuation in the interim years	External valuation every year
Sustainability label	No specific sustainability label	SDR Impact label
Target IRR	7%	7%
IHT	BPR available at 100% for qualifying assets up to a value of £2.5mn per person or £5mn per married/civil partner couple	BPR available at 100% for qualifying assets up to a value of £2.5mn per person or £5mn per married/civil partner couple
Renewables income as % of distribution	0%	c.20%
Liquidity	Prevailing 25%-30% discount to NAV Quarterly share sales	Structured annual liquidity event implemented through the waterfall process
Gearing limit	20% of NAV	20% of NAV

Gresham House
Specialist investment