

Cambium Global Timberland Limited ("Cambium" or the "Company")

Notice of Extraordinary General Meeting

Further to the announcement made by the Company on 30 November 2012 in which the Company stated its intention to convene an extraordinary general meeting to propose a resolution to amend its investment policy in order to implement a realisation strategy, the Company is pleased to announce that a circular is today being posted to shareholders (the "Circular").

The Circular will shortly be available on the Company's website at www.cambiumfunds.com/

Expected Timetable:

Latest time and date for receipt of Forms of Proxy: 11.00 a.m. on 20 February 2013
Extraordinary General Meeting to approve the Proposal: 11.00 a.m. on February 2013

Introduction

On 8 June 2012, the Independent Directors announced that they had, in consultation with the Company's advisers, initiated a strategic review of the Company comprising:

- (i) an analysis of the performance of the Company's portfolio and its future prospects both in terms of asset performance and in terms of trading in the Shares;
- (ii) a reassessment of the investment proposition and the longer term viability of the Company;
- (iii) consideration of the proposals put forward by, respectively, Stafford Timberland Limited and the Investment Manager;
- (iv) evaluation of any other proposals which were forthcoming, including one unsolicited approach received by the Board;
- (v) consideration of the Company's dividend policy;
- (vi) consideration of the Company's policy of share buy-backs; and
- (vii) exploration of the means and timing of best realising the value of the Company's assets and repaying that value to Shareholders.

Mr. McGrady, who, in addition to being a Director, is also a partner in the Investment Manager, has not taken part in the strategic review nor has he joined in the recommendation set out at the end of this announcement.

Following the strategic review and having consulted with the Company's advisers, the Independent Directors have concluded that it is in Shareholders' interests as a whole to arrange for an orderly realisation of the Company's portfolio and to return capital to Shareholders. The Independent Directors announced their intention to put forward proposals to achieve this on 30 November 2012.

In summary, the Proposals comprise:

- (i) changing the Company's investment policy with a view to realising the Company's portfolio in a manner which maximises value for Shareholders; and
- (ii) returning surplus cash to Shareholders over time through *ad hoc* returns of capital.

The Board believes the principal benefits of the Proposals to be as follows:

- (i) they should enable an orderly realisation of the Company's property investments with the objective of maximising the value received on the sale of those investments;
- (ii) the Shares will continue to be traded on AIM and the CISX during the realisation process; and
- (iii) the proposed scheme for *ad hoc* returns of capital to Shareholders is more flexible and cost effective than other methods of returning capital.

The purpose of this document is to provide you with details of the Proposals, which are conditional on, amongst other things, the approval by Shareholders of the resolution to be proposed at an extraordinary general meeting of the Company which has been convened for 11.00 a.m. on 22 February 2013.

Background to the Proposals

After consideration of a range of options and following consultation with its Shareholders and advisers, the Board has concluded that it is in the interests of Shareholders as a whole that the Company's assets be realised through an orderly realisation process enabling cash to be returned to Shareholders. Amongst these options was an indicative cash offer for the assets of the Company but at a level which the Board considered unacceptable.

In reaching their conclusion the Independent Directors have been mindful in particular of the following:

- (i) that the net asset performance of the Company has been disappointing, with a decline from the amount subscribed per Share at inception of approximately 22.7 per cent. (after adding back cumulative dividends of 12 pence paid over that period);
- (ii) that, with net assets as at 31 October 2012 of approximately £63.1 million, the Company lacks critical mass, impacting adversely on liquidity, Share price rating and costs;

- (iii) that, in the absence of achieving critical mass, the prospects of achieving a material re-rating of the Shares from current levels remain bleak (the middle market price of the Shares of 45 pence on 25 January 2013 represents a discount of approximately 31 per cent. to the Net Asset Value per Share of 65 pence as at 31 July 2012; as at 29 November 2012, prior to the release of the announcement of the outcome of the strategic review, the equivalent discount was 38 per cent.); and
- (iv) that the Share price rating in turn would make it difficult to grow the Company by equity issuance other than at a price which would be materially dilutive to existing Net Asset Value per Share.

Accordingly, the Independent Directors propose an amendment to the investment policy and an amendment to the Investment Management Agreement.

Amendment to the investment policy

Current investment policy

The Company's current investment policy is as follows:

"The Company's investment policy is to invest principally in forestry assets or operations which are or can be managed on an environmentally and socially sustainable basis. The Company will seek to gain value from certification of its forest management systems, from the commercial development of environmental products and services, and from the reduction of risk by community engagement and workforce development. Investments may be managed for timber production, environmental credit production or both.

The Company will be a long-term investor in the countries and regions in which it invests and will therefore strive to ensure good community relations. The Company aims to establish effective policies and procedures to ensure all its investments make a positive contribution to the regions in which they are operating.

The Company will seek out opportunities for enhanced environmental performance and will actively seek commercial opportunities in emerging environmental markets. The Investment Manager believes such developments can play a role in enhanced conservation efforts for forests in a regional context and can provide new and diversified sources of revenue to investments.

Investment strategies related to timber market segments, improved management, new opportunities in emerging environmental markets such as carbon credits, and reduction of project risk may be employed to increase total returns.

Returns from timberland are influenced by three factors: (i) biological tree growth; (ii) timber price changes; and (iii) changes in the value of the underlying land asset. The Company aims to establish a portfolio comprising geographically diverse assets located both in mature markets and in developing markets where potentially higher returns may be generated but with commensurately higher risk.

The Company will seek investments in North and South America and the Asia-Pacific region (including Australia and New Zealand), but may invest in other regions on an opportunistic basis, as determined by the Investment Manager with the approval of the

Board. The Company will aim to achieve a balance between generating income and producing superior total returns to investors by establishing an optimized portfolio of timberland properties and timberland related investments diversified by location, age class and species. Different age classes of tree will provide harvestable timber over time and diversification by region and species will provide exposure to different growth rates and different market segments. The Investment Manager believes that this approach will maximise returns and help to control volatility and risk exposure. The Investment Manager believes that it can build a diversified portfolio which will provide for a stable dividend and capital appreciation over time."

Revised investment policy

In accordance with the AIM Rules and the Company's articles of association, the proposed amendment to the Company's investment policy requires the approval of Shareholders by ordinary resolution. Accordingly, if the Resolution to be proposed at the Extraordinary General Meeting is passed, the Company's entire existing investment policy will be replaced and the Company will adopt and adhere to the following amended and restated investment policy:

"The Company's investments will be realised in an orderly manner (that is, with a view to achieving a balance between returning cash to Shareholders and maximising value). In light of the realisation strategy, there will be no specific investment restrictions applicable to the Company's portfolio going forward.

This policy will involve a continuing evaluation of the portfolio in order to assess the most appropriate realisation strategy to be pursued in relation to each investment. Whilst some investments may be considered appropriate for sale in the shorter term, other investments may be held for a longer period with a view to enabling their inherent value to be realised successfully and in all cases properties will continue to be effectively managed during this process.

The strategy for realising individual investments will be flexible and may need to be altered to reflect changes in the circumstances of a particular investment or in the prevailing market conditions. The Investment Manager will, in relation to each investment, seek to create competition amongst a range of interested parties.

The net cash proceeds from realisations of assets may be applied to the repayments of tax or other liabilities as the Board thinks fit prior to making payments to Shareholders."

The Board and the Investment Manager believe that the Company's portfolio will require careful investment management in order to fulfil the Company's proposed new investment policy.

The Board will meet regularly to review progress in implementing the Company's new investment policy and the then current position of unrealised assets.

Allowing *inter alia* for liquidity constraints, costs of sale, and the impact on valuations which are likely to be caused by such deferral of cash flows and suspension of planned operating activities that the realisation strategy will entail, the Investment Manager has estimated on a prudent basis that the net proceeds which might accrue to the Company from the sale of the portfolio will, after repayment of loans and adjustment to deferred

tax provisions, be equivalent to approximately 57 pence per Share, but it should be noted that this is only an estimate which remains subject to market fluctuations and a number of uncertainties. Accordingly, the final amount may differ materially from the estimate. There will be no set period for the realisation of the portfolio but the target will be to complete it within 24 months.

The Board and the Investment Manager regard the orderly realisation of the Company's assets as the best strategic option at the present time. Should, however, Shareholders reject the proposed change, the Board and the Investment Manager will continue to try to deliver the existing investment strategy and work to identify other options for developing the Company.

Amendments to the Investment Management Agreement

The Investment Manager will be managing the orderly realisation process over time by seeking to achieve best possible value for the Company's assets. The key to this process will be the identification of the largest number of potential buyers, the creation of competitive tension and the choice of market timing to execute sales.

The Board believes that the continued appointment of the Investment Manager is important to achieving these aims and the Board has agreed, subject to Shareholder approval of the revised investment policy, to restructure the Investment Manager's fee arrangements in light of the proposed change in strategy to align the interests of the Company and the Investment Manager throughout the orderly realisation process. The current fee arrangements are not designed to accommodate the management of an orderly realisation process.

Management fee

The current management fee is payable at the rate of one per cent. per annum of the Net Asset Value from time to time. This is calculated and paid quarterly in advance. For the annual financial period ending on 30 April 2012, the Investment Manager received a management fee (excluding expenses) of £776,899.

In addition, the Investment Manager is entitled to a performance fee for an amount payable by reference to the increase in Net Asset Value per Share over the course of the financial year. The performance fee hurdle is the Net Asset Value at the start of the financial year increased at a rate of eight per cent. per annum, adjusted by subtracting the amount in pence per Share of any dividend paid during the period, and is subject to a high watermark. The high watermark is currently the launch price of £1 per Share. If the performance test is met and the high watermark exceeded, the performance fee will be 20 per cent. of the excess of the Net Asset Value per Share multiplied by the weighted average of the number of Shares in issue. No performance fee has been paid to date and no provision has been made in the Company's accounts for any performance fee to be paid.

The Investment Manager has entered into an agreement to amend the Investment Management Agreement dated 28 January 2013 (the "**Amendment Agreement**"), conditional upon the passing of the Resolution to be proposed at the Extraordinary

General Meeting, pursuant to which the Investment Manager has agreed the following fee and termination provisions:

Revised management fee

Subject as set out below, the Investment Manager shall be paid: (i) a fee of \$850,000 (equivalent to approximately £535,000 as at 25 January 2013) in respect of the First Year; and (ii) a fee of \$650,000 (equivalent to approximately £410,000 as at 25 January 2013) in respect of the Second Year (together, the "**Management Fee**"), which shall accrue daily and be paid quarterly in advance.

In addition, the Investment Manager shall be entitled to a realisation fee (the "**Realisation Fee**") in lieu of the then unpaid management fee if 85 per cent. or more of the portfolio is sold within the First Year. The Realisation Fee will be paid on the following basis:

- (i) if 100 per cent. of the portfolio is sold within the First Year, the Investment Manager shall be paid a Realisation Fee of one per cent. of the net sale proceeds received by the Company and the Management Fee shall reduce to nil with effect from the date the last sale proceeds triggering the liability to pay the Realisation Fee are received by the Company;
- (ii) if 85 per cent. or more but less than 100 per cent. of the portfolio is sold within the First Year, the Investment Manager shall be paid a Realisation Fee of one per cent. of the net sale proceeds received by the Company and the Management Fee shall be reduced by 85 per cent. with effect from the date the last sale proceeds triggering the liability to pay the Realisation Fee are received by the Company; and
- (iii) if less than 85 per cent. of the Company's portfolio is sold within the First Year, the Investment Manager shall not be entitled to receive a Realisation Fee.

The Company shall pay to the Investment Manager 50 per cent. of any such Realisation Fee on the date the last sale proceeds triggering the liability to pay such fee are received by the Company and the remaining 50 per cent. of the Realisation Fee on the date the Company enters a summary winding-up (which shall be subject to the passing of a special resolution by Shareholders).

Termination

The Investment Management Agreement shall terminate on the last day of the Second Year, whereupon it shall automatically terminate save that in the event that 100 per cent. of the Company's portfolio has not been realised by the last day of the Second Year, the Investment Management Agreement shall continue in force at a fee level to be agreed but shall be terminable by either party giving two months' written notice to the other at any time.

Completion

The Amendment Agreement is conditional upon the Resolution being passed. In the event that the Resolution is not passed, the existing fee and termination provisions set out in the Investment Management Agreement shall continue to apply.

Related party transaction

Under the AIM Rules, the Investment Manager is deemed to be a related party of the Company in relation to the amendments to the Investment Management Agreement. The Independent Directors, having consulted with Panmure Gordon, consider the terms of the transaction are fair and reasonable insofar as Shareholders are concerned. In providing its advice to the Independent Directors, Panmure Gordon has taken into account the Independent Directors' commercial assessment of the Proposals.

Return of Capital

The Board intends to consider with its advisers mechanisms for returning capital to Shareholders during the realisation period.

The Board will write to Shareholders again in due course with details of its proposals to return capital to Shareholders. The Board may consider one or more tender offers and/or other capital return schemes as the portfolio is realised and will seek to adopt the most efficient method of returning capital to Shareholders. It is not intended that any further dividends will be paid if the proposals are approved by Shareholders.

Depending on the rate and amount of realisation the Board will also consider proposing that the Company enter into a summary winding-up (which shall be subject to the passing of a special resolution by Shareholders).

Benefits of the Proposals

The Board believes that the Proposals offer the following significant benefits to Shareholders:

- Commencing a managed realisation of assets, rather than placing the Company in a summary winding-up (subject to the passing of a special resolution by Shareholders) immediately or seeking an immediate sale of the portfolio, should enable the Company to increase the value realised on the sale of its investments.
- Since the Shares will remain admitted to trading throughout the realisation process, Shareholders and prospective investors will, subject to market conditions, be able to buy and sell their Shares.
- The revised management fee should result in an annualised cost saving of approximately £95,000 from the most recently released Net Asset Value. Additionally, the Investment Manager has identified costs savings from the termination of the agreements with various timber investment management organisations ("**TIMOs**") and the internalisation of the services the TIMOs previously provided. The TIMO savings will amount to an estimated annual saving of £475,000 from current asset values once implemented. The savings from the TIMO functions and the revised management fee achieve estimated aggregate costs savings of £570,000 annually.

Extraordinary General Meeting

The amendment to the Investment Policy is subject to Shareholder approval at the Extraordinary General Meeting of the Company, which is to be held at 11.00 a.m. on 22 February 2013. At this Extraordinary General Meeting, an ordinary resolution will be proposed to sanction the change in investment policy. The Resolution requires a majority of those Shareholders voting to vote in favour in order to be passed.

Defined terms contained in the Circular apply to this announcement.

For further enquires please contact:

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