

CX | RENEWABLES

Bringing Renewable Energy Projects to Market



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About Us

CX Renewables is a privately held company focused on bringing Renewable Energy Projects to market, we manage each project from design to development, right through to grid connection and ultimately returning a profit to our investors.

Our main areas of development are Wind, Solar and Biomass. Having completed several international projects in both Wind and Solar, CX are now bringing to market a unique Biomass Investment.

CX Renewables develops, finances, builds and operates renewable energy projects and is active in a range of countries across Europe and North America.

We have an excellent strategic alliance between operations and our development partners in key markets allowing CX Renewables to continue to expand activities in new markets internationally using local knowledge and experience.





About Renewable Energy

Renewable energy is enjoying record strong growth, with performance consistently exceeding expectations.

The main Renewable energy technologies are Solar power, Wind power, Hydro power, and biomass and biofuels derived from plant/woody material.

The rapid spread of renewable energy is a bright spot in the global energy transition towards a low carbon economy. Despite lower fossil fuel prices, renewable power expanded at its fastest-ever rate in 2016.

Energy generated from Renewable sources in 2017 is expected to reach over 10% of Global energy needs. Growing at a rate of 25% per year for the past 20 years.

Renewable energy is expected to account for over 50% of the global demand by 2030 at current growth rates. While the dominance of Oil and other fossil fuels like Coal continues to decline, now is the perfect time to seek out and take advantage of these phenomenal growth rates as part of your investment portfolio or as part of your retirement plan.



In 2016 the Global Investment in Renewable energy of \$286 billion was 6 times higher than in 2004.



Why Invest in Biomass?

The UK Government is bound by an international agreement to generate 15% of its energy requirements from renewable energy sources by 2020.

The Drax power station in Selby, North Yorkshire is the leading model of energy conversion from coal to a renewable biomass energy source. Drax contributes about 7% – 8% of the total power of the National Grid, enough to power about 6 million homes.

The two, 100% biomass burning turbines at Drax alone contributes about 12% of the UK's renewable electricity generation. Drax is now planning to convert a 4th turbine to biomass using wood pellets supplied from the Eastern United States and Canada. The idea behind Biomass is simple enough. Wood fuel is in theory a renewable carbon source, because you burn the carbon that has been absorbed from the atmosphere by living vegetation, not the carbon of fossil fuel that has been in the ground for millions of years.

Industrial Wood Pellet Demand Forecast for Europe, UK, Korea, Japan and Canada. (000's of metric tonnes)



Market Analysis

Demand for Wood Pellets

The low oil prices are dragging energy stocks down but the wood pellet industry will continue to grow because pellet demand is tied to regulations, sustainable energy policies and long-term contracts rather than being subject to the volatility of oil and gas prices.

The European commitment to wood pellets is strong and the United Kingdom is the world leader in wood pellet consumption. It will continue to import vast amounts of pellets as the power stations in the North of England have been converting from coal to wood pellets. (Reference: Argus Biomass Market report).

Demand for Biomass is Set to Double

The current demand for Biomass pellets is 16million tonnes per year. This is projected to increase to 46 million tonnes by 2020. Since 2000, the world pellet industry has grown by a compound annual growth rate of 23%. The majority of this veracious growth has come from demand in Europe.

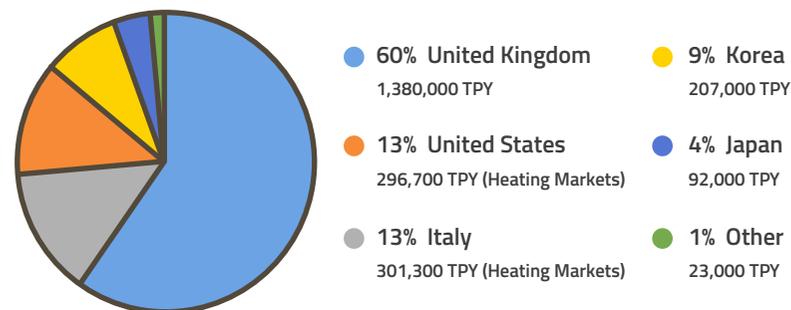
Future demand is expected to skyrocket in western Europe and China, this boost in consumption is driven by Fossil fuel costs and Government policies and incentives to replace fossil fuels with more environmentally friendly alternatives. Canada has the largest potential as a wood pellet producer to meet this rising demand. Canada exported 1.6m tonnes of biomass pellets to Europe in 2016, most of that going to the United Kingdom.

Global Import Stats for Wood Pellets, 2015

Commodity: 440131 (Wood Pellets)

Reporting Country	Quantity Imported (kg)
United Kingdom	6,518,880,000
Denmark	2,076,428,000
Italy	1,640,239,000
South Korea	1,470,684,019
Belgium	988,652,000
Germany	434,672,000
Austria	367,843,000
Sweden	354,942,000
Japan	232,425,000
USA	207,171,527
Slovenia	160,359,000
Netherlands	140,171,000
France	136,793,000
Latvia	129,206,000
Switzerland	85,210,889

2014 Canadian Pellet Export Destinations



Market Analysis

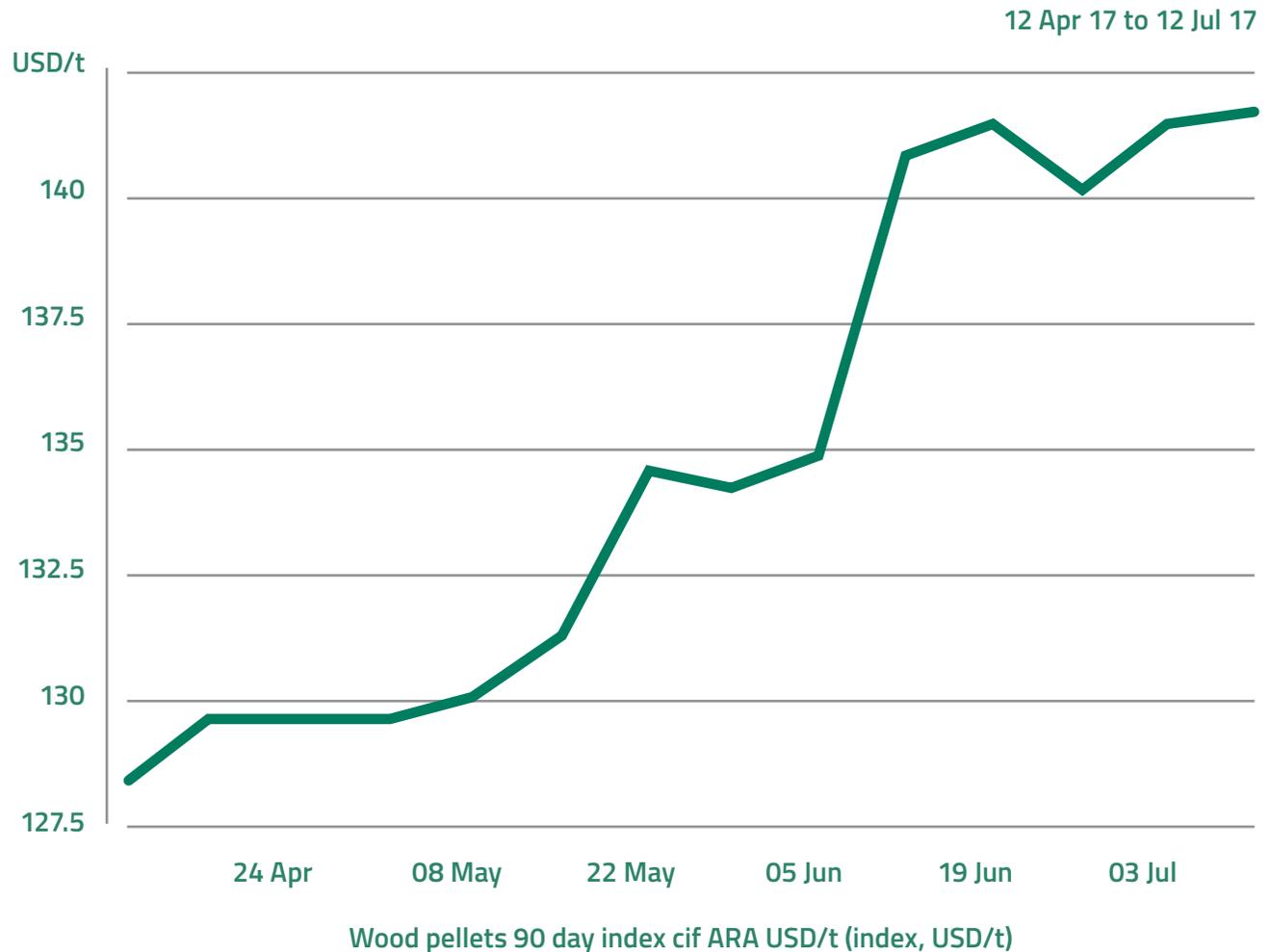
Biomass Pellet Prices

In 2011 the worlds first biomass exchange openend. The launch has allowed market participants to trade standard contracts in a transparent manner.

The main aim of the exchange is to provide further financial security to market participants and to create price stability for both suppliers and end users.



In 2016 there was an investment of \$6.6billion in extra biomass production, Biomass now accounts for 14% of all energy consumed through renewable sources.





Plantation Establishment

Site selection: Willow is not a demanding species in terms of its site requirements. Hybrid Willow will flourish on a wide range of soil types and environmental conditions. The sites selected for our projects are located in Eastern Canada in the Province of New Brunswick. The soil types are ideal and the climate is temperate due to the influence of the gulf stream along the eastern seaboard. There is a good supply of water and light to each site.

Land preparation: Thorough site preparation is essential as the Willow crop will be in the ground for up to 25 years. Pre-ploughing to a minimum depth of 20-25cm is carried out to level the site and to allow for an even planting of the crop and the removal of any stones that may interfere with the use of the mechanical planter. A herbicide such as Roundup Bioactive is applied to affect weed control before planting. Rabbit / deer fencing will be erected only if necessary.

Planting & Cutting material: Salix Willow is the preferred planting material for Atlantic Canada. It is native to northern temperate zones and therefore thrives in the cool wet conditions and heavy soil types typical of the region. Salix Willow can be coppiced regularly and repeatedly without losing vigour. Salix Willow establishes easily and quickly from un-rooted cuttings. The planting season extends from early April to late June/July

Post Planting Management: Managing the crop after planting for the first year is crucial. Especially in terms of weed control. As newly planted willow cannot compete against most weeds, this is why weed control is a vital part of pre and post planting management.

Cutback: During the first growing season Cutback(coppicing) after the first year of growth is the standard practice in willow biomass production systems. The site conditions, plant size, number of stems planted and stage of growth will all affect the plants response to cutback. In some sites depending on rate of growth cutback may not be necessary before 1st harvest in year 2. Following each harvest operation the plant will regrow to 7 or 8 meters in height.



Harvesting & Yield

Harvesting will generally take place in the winter when growth rates are at their lowest. The hybrid Willow is cut approx. 10cm from the ground using harvesting equipment. There are 3 approaches to harvesting.

1. Direct Chip Harvesting

The crop is cut and chipped in a single pass and the resulting material can either be used immediately or dried and stored and used at a later date. Most of the machinery used in this type of operation has been designed to harvest double rows in a single pass, thus making the harvesting faster and more economical.

2. Whole Stem Harvesters

This method harvests the crop as an entire rod, the loose rods are collected and removed to storage to allow drying to reduce the moisture content and increase the value of the final wood product, the whole stem will need to be chipped at a later date for end use.

3. Billet Harvesters

This method sits between the chip and whole stem harvesters. This method products shorter portions of the entire stem and can be easier for handling with machinery and for storage. The stem will need to be chipped at a later date for end use. The method used will depend on the site location and the time of year.



Yields

Hybrid willow is quoted in tonnes of dry matter (DM) per hectare per year. Harvesting is normally carried out on a two year cycle.

Yields of between 12-25 tonnes DM/Ha/YR are normally achieved on well drained sites.

Hybrid Willow has a growth vigor of 12-25 tonnes per Hectare per year over a 25 to 30 year period.

8.8%

Annual income from year 1

*Yield in Tonnes	Price per tonne at £120	Price per tonne at £130	Price per tonne at £150	Yield Scale
8 Ton	£960	£1,040	£1,200	Year 1–5
10 Ton	£1,200	£1,300	£1,500	Year 1–5
12 Ton	£1,440	£1,560	£1,800	Year 1–5
14 Ton	£1,680	£1,820	£2,100	Year 5–10
16 Ton	£1,920	£2,080	£2,400	Year 5–10
18 Ton	£2,160	£2,340	£2,700	Year 10–20
20 Ton	£2,400	£2,600	£3,000	Year 10–20

Investments Table

The Income table below indicates the level of returns achievable based on a minimum investment of £15,000 while using a conservative yield model. The returns indicated are net of any costs or charges and under current tax legislation all income from the sale of timber is free from Income tax.

Fees & Charges: The initial investment amount is inclusive of CX Renewables handling fee. Annual management fees are calculated at the beginning of each year and are deducted at source before the annual payment is made to each client. The cost of insurance is included in the annual management charge.

Annual Payments: Client payments will be made on an annual basis by direct bank transfer to an account nominated by the client.

No. of Plots	Value of Investment	Annual Return (%)
1	£15,000	8.8%
2	£30,000	8.8%
3	£45,000	9.4%
4	£60,000	10.2%
5	£75,000	11.0%
10	£150,000	12.0%

Example return for £15,000 investment at 8.8% return		
Year	Return per Annum	Cumulative Return
Year 1	£1,326	£1,326
Year 2	£1,326	£2,652
Year 3	£1,326	£3,978
Year 4	£1,326	£5,304
Year 5	£1,326	£6,630
Capital return @6%		
		£18,937
Plus ROI per annum		
		£6,630
Total Return in Year 5		
		£25,567

*The Initial Investment cost includes land purchase, land clearance and site preparation. All licensing issues, soil analysis and correction measures, firebreak construction, pest and disease prevention, all infrastructure costs, input of all irrigation systems, seedling procurement and planting costs. The investment term will last until the end of year 25.

Taxation Status

Tax Incentives: Investors can benefit from a range of grants and tax incentives designed to encourage private ownership of woodlands. Professional forest management, combined with careful tax planning, can lead to reliable and competitive returns from a highly tax-efficient forestry investment. The principal forms of taxation affecting forestry Investment are Income Tax, Capital Gains Tax (CGT), and Inheritance Tax (IHT).

Income tax: The income and profits from timber sales in woodlands managed commercially are free from both Income and Corporation Tax.

Capital gains tax (CGT): The gain in value of standing timber, whether from the physical growth of the trees or rises in timber prices, is entirely free from tax. The sale price or transfer value of the trees is also left out of Capital Gains Tax calculations. Only the increase in the value of land is assessed for CGT.

However, indexation and taper relief are available, and capital expenditure on improvements such as new roads, fences or buildings used for business purposes, can be offset against the land value. Forestry can be particularly attractive for investors with a Capital Gains Tax liability following the sale of a business asset, as forestry land is eligible for 'rollover relief'. Forestry Investment in young commercial woodland or the planting of a new one is, therefore, an excellent route to building up an asset free of immediate capital taxes.

Inheritance tax: The entire value of commercial woodland, including both the land and the trees, attracts Business Property Relief, currently at 100%, once it has been owned for two years. Provided this condition is met, there is no Inheritance Tax liability with a Forestry Investment.

***Tax Status Disclaimer:** CX Renewables Ltd and its partner companies do not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.*



Risks & Mitigation

Crop Failure: Our team of experts have consulted with other industry experts to find the most suitable variety of willow hybrid to match the climate, soil types and local geographical aspects to ensure maximum success rates and high yield at harvest time for each site chosen for development.

Climate: New Brunswick Weather. Climate: Northern New Brunswick has a typical continental climate with warm summers and cold winters. The southern half of the province experiences a more moderate maritime climate with cooler summers and milder winters making it ideal for growing willow as a crop.

Fire & Storm damage: Each site will be insured against any loss of income or damage to the land asset itself through fire, wind, and storm damage. See further details about insurance cover.

Disease & Pests: At present, the major factors contributing to yield limitation in willow plantations are disease infection, most notably rust and insect infestation, particularly willow beetles. A biological control method using a fungal hyperparasite to attack the rust fungi has shown that willow rust spore can be reduced by up to 98%. The most economic method of managing the spread of rust, however, is the use of mixture of species of willow as a control strategy.

Project Liquidity: Resale programme and after year 2 crop establishment ensures that each individual plot of 1 hectare is marketable to any outside investor keen to take advantage of the high growth rates and annual income payments.

Fees & Charges: CX Renewable Energy charge an upfront fee of 15% for funds invested. Thereafter CX Renewable will charge an ongoing 15% flat annual management fee which will be deducted from the annual income generated, starting from year 2.

Government Backed: Each project benefits from Government funding by way of tax breaks and incentives in the UK.

Tax Incentives: Under current tax legislation all income generated through the sale of wood is free from Income tax, capital gains tax and Inheritance tax. See separate Tax Report for details on the current tax legislation surrounding income from forestry and related industries. We do not advise individuals on their personal tax situations, for this you must consult a specialist in this area.

Site Management: The management of each project will depend on the location of the development and also whether or not a local contractor is employed. A comprehensive management contract is put in place to ensure that project milestones are achieved on time and within budget to ensure delivery of project revenue to the company and its clients.

A copy of the management contract will be sent to each client in advance of signing any agreement.



Security & Insurance

First legal charge over assets

This is the legal right for a lender to decide what to do with a property if the borrower defaults on repayments. In the case of a home mortgage, the bank will hold first charge on the property until the mortgage is fully repaid.

In the case of CX Renewables Ltd. The company grants first legal charge to the Investors. Investors will hold first charge on all Company land and assets until the full capital amount has been repaid. Each investor holds ownership over the land on which the energy crop is planted. The land is a valuable asset and over the past 10 years it has demonstrated an average annual capital growth rate of 12%. Further land increases in the future can be expected, therefore future proofing the underlying value of the client investment.

Independent security trustee

A security trustee is an independent party who holds security interests in trust for creditors. The trustee has the legal power and duty to manage those interests for the benefit of investors, in this case, private clients who have invested in renewable projects.

Insurance coverage main features:

A low minimum premium, low policy excess, automatic renewal notice will be covered under the management contract included in the annual management fee.

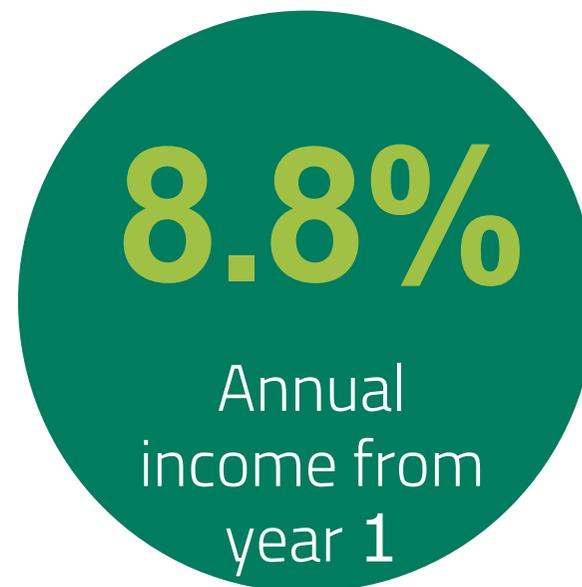
- Cover for replanting costs
- Cover for Fire Brigade and fire fighting costs
- Cover for Wind, Fire, disease or storm damage if required
- Cover for theft or damage to the site and infrastructure
- Cover includes walls, gates or fences if damaged in the same wind or fire incident
- Prompt payment of claims
- Public and Employers Liability

Insurance indemnifies the insured in respect of any legal liability to pay damages as a result of accidental bodily injury and/or property damage to third parties arising in connection with the relevant business carried on by the insured.

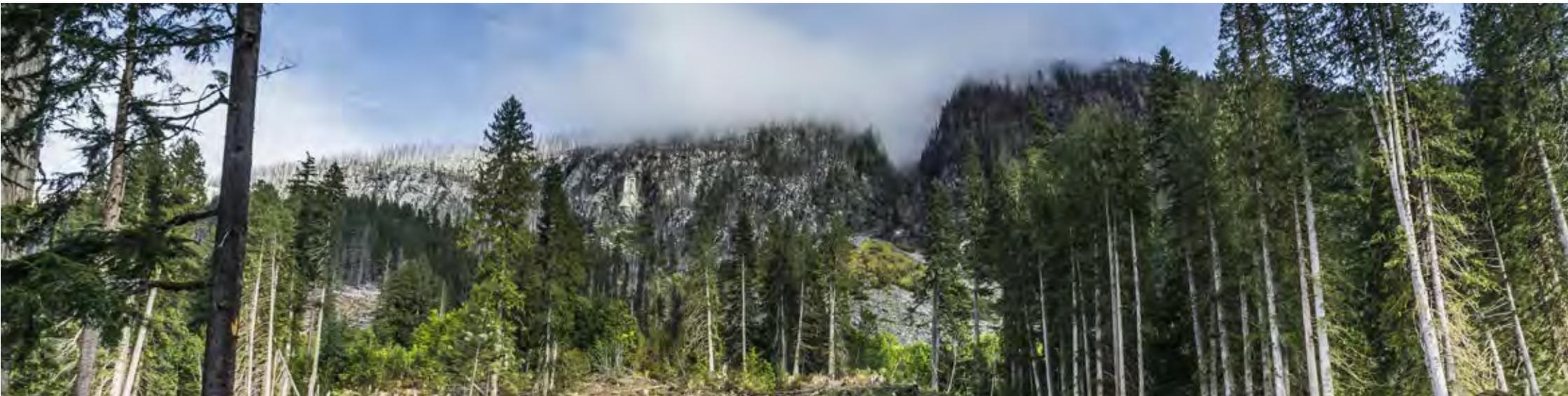
Given that the sites are generally accessible to the public it is advisable to have Public Liability cover.

Investment Highlights

- Initial Investment of £15,000 for a 1 hectare plot
- Receive an annual income of 8.8% starting from year 1
- Capital growth of 6% per annum
- Management fee of 15% includes harvest, transport, Insurance and Sale of Biomass crop
- Project runs for 25 years with no lock in period
- All Returns are Tax Free
- Yield of between 12-18 tonnes DM per year is to be expected from this project
- Price of Woodchip is currently at £130 per tonne
- Projected net return of £38,602 based on a 10 year term.



**The initial investment cost includes land purchase, land clearance and preparation. All licensing issues, soil analysis and correction, firebreak construction, pest and disease prevention, all infrastructure costs, input of all irrigation systems, seedling procurement and planting costs. The investment term will last until the end of year 25. A full breakdown of costs is available to review upon request.*



How to Proceed

Once you have decided to proceed with a one or more unit investment, we will reserve a plot in your name. In order for our reservations team to do this we require the following details:

- Talk to your CX Renewable Consultant: Agree on your investment amount and rate of return
- Receive your application form via DocuSign, confirm your details are correct
- Sign your application form and return to your account manager
- Post or Email a copy of your passport/ID + proof of address to your account manager
- Transfer the money
- Complete a final compliance call, this is to ensure that all your details captured are correct and in order
- A completed agreement along with full ownership details and site maps will be included in your Client pack which will be sent to you for your records.
- A dedicated Account Manager will keep you updated on a regular basis advising of progress and dates of annual payments and key milestones of the projects development.





Terms & Conditions

In relation to the other relevant information set out in this document (the "Document") the following specific risk factors should be considered carefully in evaluating whether to make an investment in CX Renewable Energy Ltd. (the "Company"). CX Renewables is the trading name of the Company. If you are in any doubt about the contents of this Document or the action you should take, you are strongly recommended to consult a professional adviser who specialises in advising on investment in unlisted debt, shares and direct land based investments. The content of this Document should not constitute legal or tax advice. The directors of the Company ("Directors") believe the following risks to be significant for potential investors.

The risks listed, however do not necessarily comprise all those associated with an investment in the Company or its products & services and are not intended to be presented in any assumed order or priority.

In particular, the Company's performance may be affected by changes in legal, regulatory and tax requirements as well as changes in the economic or political environment.

Investment in unquoted investments like these (i.e. investments not listed or traded on any stock market or exchanges) are illiquid. In other words, you cannot trade them, so your money is effectively locked in till the maturity date.

Only in the event of financial hardship or death can you request an early redemption or the transfer of ownership of the land and energy crop offered by the Company to someone else.

There is no guarantee that you will get all your money back, or all outstanding interest if the Company becomes insolvent.

The Company's products or services i.e. land and crops are not protected against loss by the Financial Services Compensation Scheme. The impact of actions, inactions or retrospective legislation in jurisdictions in which the Company operates may adversely affect its activities.

Changes in the general economic outlook in the economies in which the Company operates may impact the performance of the Company and its projects. Such changes may include (but are not limited to):

- *Contractions in the economy or increases in inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity).*
- *Increases in the Company's expenses.*
- *New or increased government taxes, duties or changes in taxation or property ownership laws or Fluctuations in international real estate markets.*
- *A prolonged and significant downturn in general economic conditions may have a material adverse impact on the trading of the Company and its financial performance.*

The company may be dependent on the skills of senior people with particular expertise or contacts. If their services are no longer available –whether it is through them changing job, or through illness or death –this could impact the business. Any purchases of land and energy crops by a client provided by the Company should be made solely on the basis of the information contained in the Company's information brochure/brochures.

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