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FIM SUSTAINABLE TIMBER & ENERGY LP **“D” ADDITIONAL LIMITED PARTNERSHIP SHARES**

Closing Date for New Subscriptions: 21 December 2018

FIM Services Limited

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FIM

FIM is part of the Gresham House Group



SUMMARY

Established in 2010, the LP is an asset backed, tax efficient trading vehicle investing in UK commercial forestry and renewable energy assets.

Returns are underpinned by both the biological growth of the trees, which increase in volume and value annually, and index-linked cash flows from renewable energy assets.

Annualised returns to date are 12.0%.

The LP has net assets of £159.4 million comprising 61 large-scale commercial forests (total area of 15,691 hectares), interests in four operational wind farms and six solar parks.

STRATEGY

The strategy is to provide a balance between income and capital growth, allocating 80% of net assets to forestry and 20% to renewable energy assets, targeting an:

- Annual return of 7%
- Initial cash yield of circa 2.1% (adjusted annually by CPI plus 1%), providing an inflation hedge

The LP has a low cost base, with an ongoing charges fee of 0.6% per annum, which includes the annual management fee.

SHARE ISSUE

- Target raise of circa £50 million
- “D” Additional Limited Partnership Shares will be allotted monthly, commencing 30 September 2018
- Qualifying period for Inheritance Tax (IHT) relief, for new Limited Partners, will commence on allotment of shares

TAX EFFICIENT STRUCTURE

- Target of 100% IHT relief (subject to a two-year qualifying period)
- No income tax or corporation tax on revenue from timber
- No capital gains tax on the increase in value of timber

PROVEN MANAGEMENT

FIM have operated and managed similar trading vehicles for nearly 40 years, achieving excellent performance.

LIQUIDITY

- FIM has an established and successful procedure for matching sellers of shares with buyers
- Sales of secondary shares in the LP over the past year have taken an average transaction time of 31 days, with a weighted average premium to net asset value of 16%
- The LP also benefits from set termination dates. The First Termination Date is 31 May 2028, when there is a right for Limited Partners to vote to extend this by a five year period to a Final Termination Date of 31 May 2033

THE OPPORTUNITY

Commercial forestry is an excellent portfolio diversifier, with minimal correlation to mainstream asset classes, but positive correlation to inflation, providing an inflation hedge. Renewable energy assets provide investors with long term mainly index-linked cash flows.

The UK imports circa 82% of its annual timber needs and UK timber prices are below import prices due to the weakness of sterling. FIM's analysis suggests that timber prices will be substantially re-rated from current levels, signalling a clear forest buying opportunity.

Renewable energy provides robust revenues with a strong degree of inflation protection. As the economy continues to decarbonise through the ongoing electrification of transport, heat and other carbon intensive industries, demand for clean energy is expected to increase.

The asset allocation profile fits well with the LP's objective of providing a balance between income and capital growth. It allows for regular distributions to be created from the renewables portfolio, whilst the core forestry portfolio can accumulate volume and value providing capital growth, all within a structure that should provide 100% relief from IHT.

Issue Summary

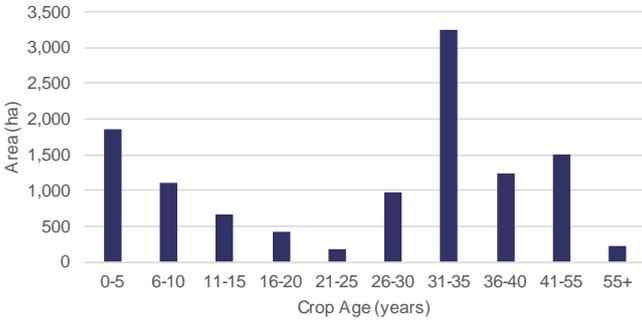
Minimum Investment: £92,625
Closing Date: 21 December 2018
First Distribution: May 2021

FORESTRY

The LP's 61 forest properties in the UK are valued at £127.6 million.

The portfolio provides diversification of both geographical locations and age class, thus reducing investment risk.

Conifer Species by Age: 11,415 hectares



The mature crop provides the LP with significant flexibility to generate tax free revenue from timber harvesting as required.

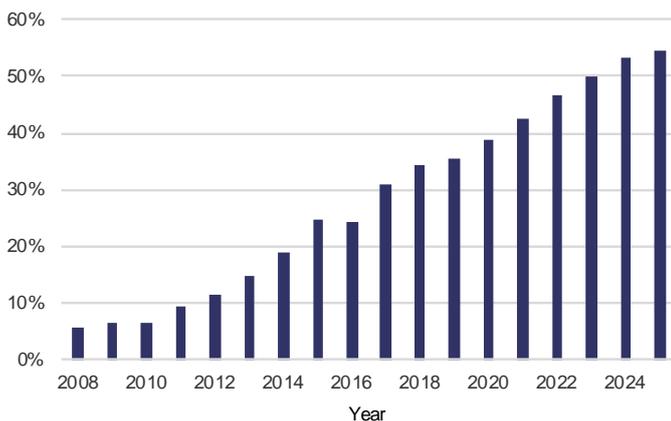
Value has been added through entering into wind farm leases, with two operational and two at the start of construction. Once all four are operational, annual rental income of £0.5 million is expected.

RENEWABLE ENERGY

The LP has interests in two well proven, low risk technologies, onshore wind and ground mounted solar, providing high cash on equity yields to assist in financing annual distributions to Limited Partners.

In the UK, renewables have significantly increased their market share, and are forecast to be over 50% of UK energy generation by 2024.

Renewables as % of UK Energy Generation



The LP has an allocation of 18.4% of net assets (valued at £29.4 million) to renewable energy generating assets, split between ground mounted solar parks (10.4%) and onshore wind farms (8.0%). All are operational. Operating renewable energy assets provide a high amortising cash flow.

There is an opportunity to increase the LP's exposure to renewable energy with investments into existing trading vehicles.

A LARGER LP PROVIDES

- Greater operational efficiency in managing an expanded portfolio to achieve the stated objectives of obtaining a balance between capital growth and income
- Greater diversification to assist in minimising risk, through a broad range of investment within the chosen sectors of forestry and renewables
- Economies of scale spreading fixed overheads over a larger capital base and providing greater purchasing power in operational activities
- Enhanced liquidity through an expanded shareholder base



Raeburn Complex



Harburnhead



Oak Cottage