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Gresham House

Specialist asset management

GRESHAM HOUSE FOREST FUND I LP

“C” PARTNERSHIP SHARES

INFORMATION MEMORANDUM

ISSUE DATE: 8 JUNE 2020

IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE IN RELATION TO THE CONTENTS OF THIS DOCUMENT, YOU SHOULD CONTACT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000, WHO SPECIALISES IN ADVISING ON PARTNERSHIP INTERESTS OF THE KIND DESCRIBED IN THIS DOCUMENT

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IMPORTANT INFORMATION FOR LIMITED PARTNERS

1. This Information Memorandum (Information Memorandum/IM) has been approved for the purposes of Section 21 of the Financial Services & Markets Act 2000 (FSMA) by Gresham House Asset Management Limited (Gresham House or the Manager), the Operator and Manager, which is authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN, in the United Kingdom. It relates to the placing of units in an Alternative Investment Fund.
2. The attention of prospective Limited Partners is drawn to the fact that Gresham House Forest Fund I LP (the Partnership) will be committing funds to forest properties and such assets are of a long term and illiquid nature. The Manager may attempt to arrange transactions between sellers and qualified buyers, however, there is no recognised market for a Limited Partner's interest in the Partnership and at its sole discretion the Manager may decline to permit the sale and purchase of a Limited Partner's interest. It may therefore be difficult for a Limited Partner to sell their interest or to obtain reliable information as to its value, or the extent of the risks to which it is exposed.
3. Subscription in an unquoted fund such as the Partnership is speculative and involves a high degree of risk. A subscription should only be considered by those persons who could sustain a total loss of their investment. Prospective Limited Partners in the Partnership should carefully consider the risks and other factors associated with the Partnership, as set out in the section headed "Risk Factors" in Section 8 and other sections.
4. In connection with the matters referred to in this document Gresham House is acting for the Partnership and for no one else. Accordingly, Gresham House will not be responsible to anyone other than the Partnership.
5. This document is not an approved prospectus for the purposes of section 85(1) of FSMA. A copy of this Information Memorandum has not been, and will not be, reviewed by the Financial Conduct Authority (FCA) or the UK Listing Authority. Gresham House has notified the FCA of its intention to market this Partnership as required under the Alternative Investment Fund Managers Directive (AIFMD) (as implemented in the UK).
6. This document contains information relating to an unregulated collective investment scheme (UCIS), which under UK legislation may only be promoted to persons permitted under the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 or

the categories of persons identified in rule 4.12.4R of the FCA's Conduct of Business Sourcebook (COBS). As such this document will only be made available to or directed to the parties listed below (Relevant Persons):

- persons who fall within the definition of "eligible counterparty" or "professional client" in the rules of the FCA and as set out in the Glossary to the FCA Handbook and who therefore fall within the exemptions listed in COBS 4.12.4.R;
- investment professionals, including firms authorised under FSMA to advise on UCISs, that is persons within Article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001;
- persons that have completed the Gresham House Client Financial Information Form, or who otherwise meet the requirements of the Certified High Net Worth Investor, Certified Sophisticated Investor or Self-Certified Sophisticated Investor exemptions set out in COBS 4.12.4.R; and/or persons who meet the requirements of any other applicable exemption in COBS 4.12.4.R or the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001.

If you are in any doubt as to whether you fall within any of the categories above you must not rely on or act upon the contents of this document unless you have taken professional advice which has confirmed that you fall within one of these categories.

Persons authorised under FSMA may, where authorised to do so by Gresham House, provide this document to their clients whom they have assessed as being suitable and appropriate to invest in the Partnership (Appropriate Clients) pursuant to an applicable exemption under the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 or the rules of COBS, but this document should not otherwise be distributed, published or reproduced, in whole or in part, nor should its contents otherwise be disclosed by recipients to any other person.

7. This document is exempt from the scheme promotion restriction on the communication of invitations or inducements to participate in UCISs (in Section 238 of FSMA) on the grounds that it is only being made available to or directed at Relevant Persons or Appropriate Clients. Persons who are not Relevant Persons or not an Appropriate Client of an FSMA authorised person may not apply to invest in the Partnership.

8. The transmission of this document to any person in the UK other than a Relevant Person or Appropriate Client is unauthorised by Gresham House and may constitute an offence under FSMA. If any prospective Limited Partner is in doubt as to whether a subscription of this type is suitable for them, they are strongly advised to contact a professional adviser authorised by the FCA with permission under Part 4A of FSMA to advise on UCISs.
9. Prospective Limited Partners must rely on their own examination of the legal, taxation, financial and other consequences of a subscription in the Partnership, including the merits and the risks involved. Prospective Limited Partners should not treat the contents of this document as advice relating to legal, taxation or investment matters.
10. Any prospective Limited Partners who have any doubt about the suitability of the Partnership for them should consult their own professional advisers concerning the acquisition, holding or disposal of interests in the Partnership.
11. Limited Partners will not have a right to cancel an agreement to subscribe for an interest in the Partnership.
12. The Partnership is a UCIS and the UK Financial Services Compensation Scheme is not generally applicable to claims relating to such funds. Limited Partners in the Partnership may have protection under the UK Financial Services Compensation Scheme in certain circumstances but should never assume this until they have satisfied themselves on their position through direct enquiry to their Financial Adviser.
13. Limited Partners can complain to Gresham House as Operator and Manager. Correspondence should be addressed to the Managing Director of Gresham House. If a Limited Partner is not satisfied with Gresham House's suggested resolution they may have a right to refer their complaint to the Financial Ombudsman Service whose address is Exchange Tower, London, E14 9SR.
14. Certain information contained in this document has been obtained from published sources or provided by other parties. Gresham House has taken reasonable care to ensure that such information and its presentation is fair, clear and not misleading.
15. This document contains figures and statements relating to past performance of other Partnerships managed by Gresham House. Past performance of these Partnerships should not be interpreted as an indication of future performance of this Partnership. The value of any interest or income arising from it may go down as well as up and Limited Partners may not recoup the amount subscribed.
16. This document contains forward-looking statements. Words such as "target", "anticipate", "believe", "plan", "expect", "intend", "estimate", "project", "will", "should", "could", "may", "predict" and similar expressions are typically used to identify forward-looking statements. You are cautioned that actual results could differ materially from those anticipated in forward-looking statements. Also, the forward-looking statements contained in this document are largely based on estimates and assumptions made by the Manager. These estimates and assumptions reflect the Manager's best judgment based on currently known market conditions and other factors, some of which are discussed below. Although the Manager believes such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond the Manager's control. In addition, the Manager's assumptions about future events may prove to be inaccurate. The Manager cautions all readers that the forward-looking statements contained in this document are not guarantees of future performance and the Manager cannot assure any reader that such statements will be realised or that the forward-looking events and circumstances will occur.
17. This document does not constitute, and may not be used for the purposes of, an offer of interests in the Partnership to any person in any jurisdiction in which such offer or invitation is not authorised or in which the person purporting to make such offer or invitation is not qualified to do so, or to any person to whom it is unlawful to make such an offer or invitation.
18. It is the responsibility of prospective Limited Partners to satisfy themselves as to full compliance with the relevant law and regulations of any territory in connection with any application to participate in the Partnership, including obtaining any required governmental or other consent and adhering to any other formality prescribed in such territory.

GRESHAM HOUSE FOREST FUND I LP

ADVISERS

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1. KEY ATTRIBUTES

Established, proven trading vehicle:	Formed in 2008, Net Asset Value (NAV) £156.5 million.
Investment objectives:	Target a long term IRR of 7% ¹ net of all fees and costs and provide a balance between capital growth and income.
Target annual distributions:	Inflation-linked target annual distributions, currently at a level that equates to approximately 2% of the previous year's NAV ¹ , adjusting annually by CPI + 1%, commencing in November 2022 for "C" Partnership Shares.
Tax efficient structure:	100% Inheritance Tax (IHT) relief (once held for two years). No liability to Income Tax on the sale of timber or Capital Gains Tax (CGT) on an increase in the value of the crop.
Proven, low cost management:	Gresham House has been operating similar vehicles for over 40 years. Total forestry assets under management are c.£1.3 billion. Ongoing Charges Figure (OCF): 0.59% per annum ² .
Defined exit strategy:	Final Termination Date: 30 November 2041. Continuation vote at First Termination Date: 30 November 2033. In the interim, Gresham House's established and proven secondary share sale procedure should enable Limited Partners to realise their interests in the Partnership when required.

ISSUE SUMMARY

Minimum subscription:	£91,830 (30 "C" Partnership Shares at £3,061 each). Partnership Shares will be allotted monthly. There is no maximum subscription.
Closing date:	31 October 2020.

1. Past performance should not be interpreted as an indication of future performance of the Partnership.
2. Rebased OCF based on year ended 30 November 2019.

GRESHAM HOUSE FOREST FUND I LP (THE PARTNERSHIP)

The Partnership has been operating since 2008 and comprises a diversified, self-financing portfolio of high quality UK commercial forests, with an independently established Net Asset Value (NAV) of £156.5 million (as at 30 November 2019).

PARTNERSHIP SUMMARY

- Established trading vehicle with proven, low cost management (Ongoing Charges Figure: 0.59% per annum including annual management fee)².
- Existing diversified commercial forestry portfolio of 15,397 hectares (over 38,000 acres).
- Significant carbon sequestration and sustainability credentials: forests independently certified as 100% sustainable, prior to harvesting commencing in accordance with the UK Woodland Assurance Standard.
- Blended IRR to all Limited Partners of 11.7% achieved to date¹.
- Inflation-linked target annual distributions, adjusting annually by CPI + 1%, commencing in November 2022 for "C" Partnership Shares.
- No income tax on the sale of timber.
- Long term tax free capital growth from the increase in value of the trees.
- 100% relief of Inheritance Tax (IHT) to individual investors (once held for two years).
- Low correlation to equity and bond markets, with low volatility.
- Asset backed through direct ownership of freehold land and timber.
- Defined exit strategy, with set termination dates and an established secondary share sale procedure.

MANAGER SUMMARY

- Highly experienced team of forestry investment managers with a proven track record of performance.
- The UK's largest forestry investment manager, with £1.3 billion of UK forestry assets under management.
- In depth working knowledge of the underlying assets within the portfolio.
- Dedicated team of 25 staff members in the Gresham House Forestry Division, including investment professionals, chartered accountants, chartered surveyors and foresters as well as administrative staff.
- Proven expertise in sourcing and transacting on and off market forestry investment opportunities.
- Long established relationships with UK timber processors and forestry management companies.
- Unrivalled presence in the UK timber market, accounting for approximately 20% of the UK's annual private sector softwood supply.

2. SUMMARY

At the Partnership's Annual General Meeting (AGM) on 24 March 2020 the Limited Partners voted to expand the Partnership on the terms set out in this Information Memorandum, in order to:

- Increase the asset base of the Partnership by acquiring additional forest properties, further diversifying the portfolio both geographically and by age class;
- Enable the Partnership to reduce bank borrowings; and
- Enhance the liquidity of the Partnership Shares, by expanding the number of Limited Partners.

The Partnership has clear objectives:

1. Investment in a diversified, large scale portfolio of UK commercial forests, and to manage the forest assets to achieve a balance between income and capital growth.
2. Target a long term post-tax IRR of 7%³ (net of all fees and costs).
3. Target an annual distribution of approximately £59.20 per Limited Partnership Share in November 2020, adjusting annually by CPI + 1% each year (thereby providing an inflation hedge).

Note: "C" Partnership Shares will be eligible to receive annual distributions from November 2022.

4. Provide access to a tax efficient Partnership, suitable for institutions, self-invested personal pension funds, family offices and high net worth individuals, which provides:
 - **No liability to income tax or corporation tax** on revenue from timber.
 - **No liability to capital gains tax (CGT)** on the increase in the value of timber. CGT applies to both UK residents and non-residents on an increase in the land value.
 - **100% relief from IHT**, once held for two years. The qualifying period starts upon allocation of shares.
5. Be actively managed over the long term by Gresham House to maximise returns, providing a degree of liquidity, and to comply with high standards of governance, with a competitive annual management fee of 0.5% (exclusive of Partnership Promotion Fees, Administration and Transaction Fees, as detailed in Section 7).
6. Provide protection from inflation.

7. Provide portfolio diversification for Limited Partners, as forestry has minimal correlation to bonds and equities.

Further subscriptions from existing Limited Partners should qualify for IHT relief immediately (as a capital addition to an already established business), providing that:

- The Limited Partner does not materially increase their relative share of the Partnership; and
- The Limited Partner has held their existing interest in the Partnership for at least two years.

This structure provides greater tax efficiency than, for example, a UK forestry company with shares listed on the main market of the London Stock Exchange, individual shareholders of which would typically be subject to income tax on dividends, CGT on any capital gain on the sale of shares and which would not generally provide IHT relief.

Many factors could affect the performance of the Partnership. Prospective Limited Partners are strongly advised to read Section 8 of this document (Risk Factors) before considering a subscription for interests in the Partnership.

Limited Partners will benefit from:

- An established, large scale diversified portfolio; the Partnership currently owns 44 forests encompassing a total area of 15,397 hectares of freehold UK land (38,047 acres).
- Proven management; Gresham House have been operating and managing similar timber funds for over 40 years, achieving good performance for Limited Partners.
- Defined duration; with a First Termination Date of 30 November 2033. There is a right for Limited Partners to vote to extend this by up to two four-year periods, to a final Termination Date of 30 November 2041.
- Access to an environmentally and socially responsible asset class, managed as a sustainable investment, with a calculated value of the carbon sequestration per Partnership Share reported annually.

3. This is a target only. There can be no assurance that this target will be met.

3. THE OPPORTUNITY

The issue of “C” Partnership Shares provides a rare opportunity to acquire an interest in one of the UK’s principal investment grade forestry portfolios which has a proven and highly successful trading history. The Partnership has outperformed the target IRR of 7%³ and targets annual distributions to Limited Partners, currently at a level that equates to 2% of NAV.

The Partnership is underpinned by a first class portfolio of freehold UK forests, selected and managed by a market leading team of professionals to provide a long term store of value. The portfolio is well placed to deliver attractive risk adjusted returns through a genuinely sustainable and environmentally positive asset class.

Gresham House believe that the outlook for UK forest values is strongly positive, driven by the global timber supply and demand imbalance and the attractiveness of sustainable real asset investments.

Forest owners benefit from the compounding biological growth of the trees, which provides stable and predictable returns in terms of timber volume growth. The UK’s maritime climate is ideally suited to growing Sitka spruce, the UK’s principal commercial tree species, with historic growth rates amongst the fastest in the developed world. Annual growth increases both the volume and the unit value of the timber.

In addition to the compounding returns from biological growth, the main driver of returns from forestry is rising timber prices. Gresham House believe that timber prices, both in the UK and globally, will increase significantly over the medium and long term, causing forest values to rise, enhancing returns to forest owners.

Global markets are highly relevant to UK forest owners, as the UK imported 81% of its overall wood requirements in 2018. UK prices are directly impacted by global prices. Domestically grown timber has an immediate captive market in the UK, which provides a strong foundation for competitive sales prices.

Recent factors including the Covid-19 virus outbreak, uncertainty surrounding the terms of the UK’s departure from the EU and an oversupply of imported timber from Europe have resulted in a reduction in UK timber prices from 2018 levels. Gresham House believe these factors to be temporary and currently provide an excellent buying opportunity for those willing to take a longer term view.

3.1. GLOBAL DEMAND AND SUPPLY IMBALANCE

Gresham House forecast that global timber consumption will rise by 170% by 2050. This represents an unprecedented increase in demand for a resource that has a finite, and declining, supply. The Gresham House forecast suggests timber demand will increase at an annual growth rate of 3.1%, compared with the much lower historic 20 year annual growth rate of 1.2%.

Gresham House expect timber prices to increase as a result of a combination of supply and demand friction, and structural global ‘megatrends’, each of which will continue to put pressure on the global timber resource.

A summary of these trends is as follows:

Increasing Demand

- Growing global population, particularly in the developing economies, which is becoming increasingly urbanised.
- Rising average gross domestic product (GDP) per capita, which is strongly correlated to timber consumption per capita; as people become wealthier, they consume more timber.
- Consumption in developed economies is forecast to increase.
- Increasing use of wood in construction to achieve carbon reduction commitments.
- Evolving impact of climate change from pollution, and international requirements for carbon dioxide sequestration.
- Increasing global focus on environmentally positive and sustainable raw materials such as timber.
- Rising use of biomass in energy generation and container-board for online shopping deliveries are creating new markets for tree by-products.

Declining supply

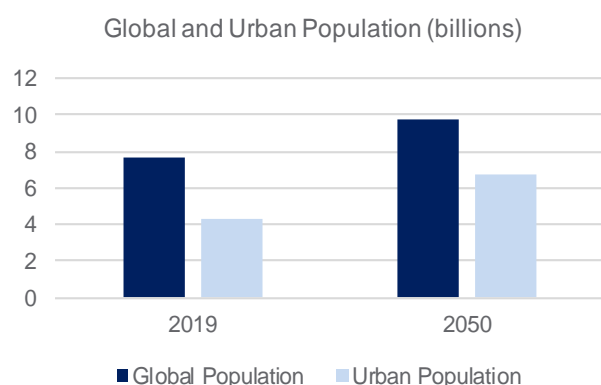
- Readily available reserves of timber with suitable infrastructure in place to permit economic exploitation are not only finite, but are declining.
- There is a long (35+ year) lead time to produce more timber, so new supplies cannot be created in a short term timeframe.

In Gresham House’s opinion:

- Increasing global demand will encounter rising constraints on supply, which will push timber prices upwards.
- Rising timber prices will drive asset values higher, to the benefit of forest owners.

3.1.1. RISING DEMAND IN THE DEVELOPING WORLD

Timber consumption per capita rises as average GDP per capita increases. Therefore timber demand is expected to increase as countries become more developed, due to rising urbanisation and average consumer income. This increase in income enables access to dwellings of modern construction utilising wood-based products. According to the UN, 84% of the world's population live in developing economies. The World Bank forecasts that 'urban dwellers' will increase by 2.3 billion people to 6.7 billion by 2050.



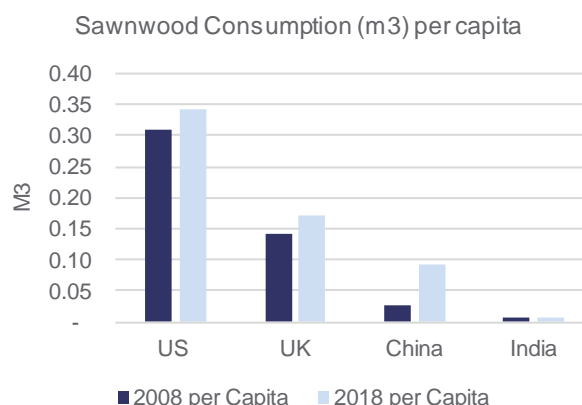
Source: United Nations World Urbanisation Prospects

GDP and population growth are the two main drivers of industrial roundwood consumption.

PwC forecast that the global economy could more than double by 2050, with virtually all growth occurring in developing economies. The 30 year period to 2050 corresponds closely to the rotation length of conifer forests in the UK, indicating that there is likely to be substantially higher demand for timber when a tree planted today is harvested in 2050.

The largest proportion of the developing countries are in Asia which is the fastest developing continent in economic terms. The graph below illustrates the significant gap in the timber consumption of sawnwood per capita versus more developed economies, illustrating the potential for growth in timber demand from countries with rising GDP per capita.

Per capita consumption of sawnwood in China in 2018 was 0.09 cubic metres per annum, compared to 0.34 cubic metres in the US. In India it is just 0.01 cubic metres per annum.



Source: FAO Forest Product Statistics 2018

China experienced a 96% increase in urban dwellers between 1998 and 2018, and timber consumption also increased by 96%, driven by the increase in construction and rising incomes per capita.

A similar timber consumption pattern has been experienced in other countries which have developed in the past 20 years. The rate of wood use increases as countries move from urbanisation to sub-urbanisation, into single unit family homes, which are commonplace in developed countries and are now increasing in developing countries such as China.

The impact of this accumulating demand from developing economies is expected to significantly increase the global timber requirement, which is likely to have a direct impact on UK timber prices and therefore benefit UK forest owners.

Year	Population	Urban dwellers	Industrial roundwood consumption	Consumption cubic metre/capita	GDP/capita \$
1998	1.24bn	420m (34%)	113,810	0.09	1,539
2018	1.39bn	824m (59%)	223,216	0.16	7,755
Change	+12%	+96%	+96%	+71%	+404%

Sources: United Nations World Population Prospects 2019, World Bank national accounts data 2019, OECD National Accounts data 2019, FAO Forest Product Statistics 2018.

3.1.2. RISING DEMAND IN THE DEVELOPED WORLD

Timber consumption in the developed world is forecast to continue to increase. This will primarily be driven by more house building, which is required to address a chronic shortage of new housing across several of the largest developed economies. In addition to this, there is increasing emphasis on promoting the use of environmentally sustainable raw materials in construction, in order to achieve unilateral commitments across developed countries to decarbonise their economies and reduce pollution. The combination of rising house construction and increased use of timber per building is likely to have a significant impact on demand for timber from developed countries.

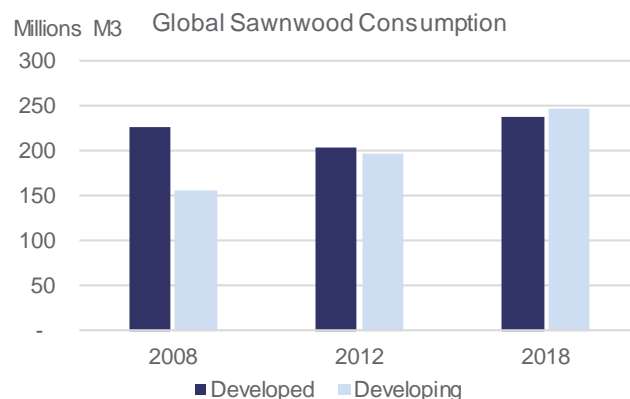
The UK has a structural deficit of housing supply and the UK government has a target to build 300,000 homes per annum. The UK is under increasing political pressure to increase current house building levels, which at around 150,000 housing starts in 2019 are significantly below the target level. There are compelling strategic reasons why this is likely to be a key focus of successive UK governments for the foreseeable future. Increasing the supply of housing stock will help to ease the lack of affordability of UK housing for a growing generation of UK residents who are largely priced out of home ownership. This is an issue that is expected to receive continued focus from government policymakers and ongoing scrutiny from the media and public, providing an incentive for governments to attempt to resolve the affordability issue through continued emphasis on house building.

The UK government consider offsite modular construction a key route to increasing building capacity and a potential beneficiary of new government funding. Timber accounts for up to 90% of all offsite modular construction. This method of construction is substantially quicker and cheaper than traditional onsite house building. If the quantum of modular dwellings continues to increase, or more significantly the proportion of modular construction in relation to total UK house completions increases, this could dramatically increase the UK demand for timber.

The US is by far the largest consumer of timber in the world. Similar to the UK, the US is a major importer of timber, consuming far in excess of its domestic production capacity. Housing starts in the US have been on an upward trend and this is expected to continue once the economy regains ground after the Covid-19 restrictions are eased.

Developed economies currently account for circa 48% of global timber demand. The following graph shows that sawnwood consumption from developed economies in 2018 increased by only 5% from 2008, largely due to the reduction in housebuilding and industrial activity following the financial crash in 2008.

This is still below the peak of 2005, when all developed economies were completing higher levels of construction. Although the Covid-19 outbreak is expected to create a temporary dip in sawnwood consumption, Gresham House expect timber consumption will continue to increase over the medium and long term.



Source: FAO Forest Product Statistics 2018

Simultaneous consumption growth occurring in both developed and developing economies provides a strong foundation for timber demand.

In addition to the anticipated increase in housebuilding, there has been a substantial increase in the average use of wood per dwelling in recent years as global concerns in relation to climate change encourage purchasers to favour the use of sustainable building materials. It is expected that this trend will continue to increase, with sustainable timber playing a key role in replacing more polluting construction methods. Many developed countries, including the UK and nearly all member states of the EU, have proposed a legally binding target of net zero emissions by 2050. The construction industry is a major source of resource extraction and carbon emissions, contributing around 36% of all CO2 emissions. As a result the EU has set a target to reduce emissions from construction by 90% by 2050.

In the UK, timber frame construction increased to 30% of the new build market in 2018 from 22.8% in 2011. The Structural Timber Association estimates the market share will increase to 34% by the end of 2020. Gresham House expect this trend to occur across all countries. For example, France has recently enacted a law requiring at least 50% wood or sustainable products in public building construction from 2022.

Advances in wood engineering technology, such as Cross Laminated Timber (CLT), have created construction wood with superior quality and consistency, which is comparable to concrete and steel in terms of structural capability. This enables bigger buildings, even sky scrapers ('ply-scrappers'), to be constructed largely from timber. Various large scale building projects harnessing the qualities of CLT timber have been completed and are being constructed across the world.

Credit: Jack Hobhouse



Credit: Ricardo Foto



Above: The Cube in Shoreditch; a 33 metre high residential development, built in 2018 by Hawkins Brown architects using structural CLT.

Left: Mjosa Tower in Norway, currently the world's tallest timber building standing at 85.4 metres, built using laminated veneer timber.

3.1.3. NEW USES ARE CREATING SUBSTANTIAL NEW DEMAND FOR TIMBER

To date, the main new market for timber has been biomass for energy generation, in line with governments' requirements around the world to combat climate change. EU and UK policy has incentivised renewable fuel to help decarbonise the energy sector, and convert existing coal plants to solid biomass is the most cost-effective solution in the UK.

Biomass wood pellets are created from sawdust and other residual wood materials, or through chipping small diameter roundwood. Demand for co-product, such as poorer material suitable for wood pellets, increases the amount that sawmills can afford to pay for timber.

An additional advantage of biomass is that it provides the capability for the UK to generate a baseload source of energy generation, which could become increasingly critical as the UK seeks to transition towards the use of renewable energy.

The increased use of online shopping retailers and restaurant delivery services have also created additional demand for containerboard (cardboard). This is a societal shift that is anticipated to continue, increasing the end uses of timber products.

Online sales in China grew by 27% in 2019 and the global change in consumer shopping patterns is reflected by the increase in the market capitalisation of the e-commerce company Amazon, which has increased 500% in the last 5 years.

Gresham House expect that this emerging market for containerboard will continue to grow in the next decade. This would result in a positive shift in the demand curve for packaging material. UK forest owners will directly benefit from the continued growth of online retailing.

3.1.4. SUSTAINABLE, REAL ASSETS

The environmental impact of investments is a key determinant of investment suitability for many investors and financial institutions, who are increasingly cognisant of the environmental damage and public perception of polluting and/or unethical investments. Decarbonisation is at the forefront of various global and national level policy frameworks to reduce global warming, as it has become generally accepted that climate change is no longer a prediction but a reality.

UK forestry plays a key role in the UK's total carbon sequestration. Sustainable timber production is increasingly being recognised as a key driver for the transition from more polluting industrial raw materials, such as steel and concrete, to environmentally positive and ethical sources of raw material such as softwood timber.

The total amount of carbon dioxide already stored in the Partnership's forestry portfolio is estimated to be 3.7 million tonnes, with approximately 160,000 tonnes sequestered in the last financial year. The amount of carbon dioxide sequestered by the Partnership will increase following the acquisition and subsequent management of additional forestry assets using capital raised from the issue of "C" Partnership Shares.

Global momentum to decarbonise economies is expected to further accelerate timber consumption, as wood is increasingly seen as a clean and low carbon alternative. This has been underlined by leading experts, such as Sir David Attenborough, who advocates wood as being "an extraordinary renewable resource".

Increased demand for timber for environmental reasons and additional requirements for investments to meet sustainability criteria mean that UK forestry is well placed to benefit from this developing shift in sentiment.



3.2. INCREASING GLOBAL CONSTRAINTS ON SUPPLY

The majority of the world's timber is sourced from natural growth forests, softwoods in the northern hemisphere and tropical hardwoods in the southern hemisphere. Increasing constraints will impact on the availability and cost of timber from these natural resources.

The forecast rise in global demand for timber is likely to coincide with increasing constraints on supply and have a material impact on global timber prices, to the benefit of forest owners.

Future timber supply will be constrained by:

- Consumer demand to source timber from sustainable certifiable supplies, restricting illegal logging, which still accounts for a significant proportion of global industrial roundwood production;
- Increasing pressure for large areas of natural forest to be set aside as carbon sinks or for conservation and environmental reasons, restricting the area available for timber harvesting;
- Exploitation to date has concentrated on readily accessible resources; and
- Increasing competition for land from agriculture, to provide food for growing populations.

Unlike fossil fuels, there are no new reserves of timber to be found. Traditional reserves take from 30 years to hundreds of years to replace and new supplies can only be created through establishing new plantations. The supply of land suitable for plantation establishment is reducing, and there is increasing competition from alternative land uses.

3.2.1. LEGISLATION IS RESTRICTING GLOBAL SUPPLY

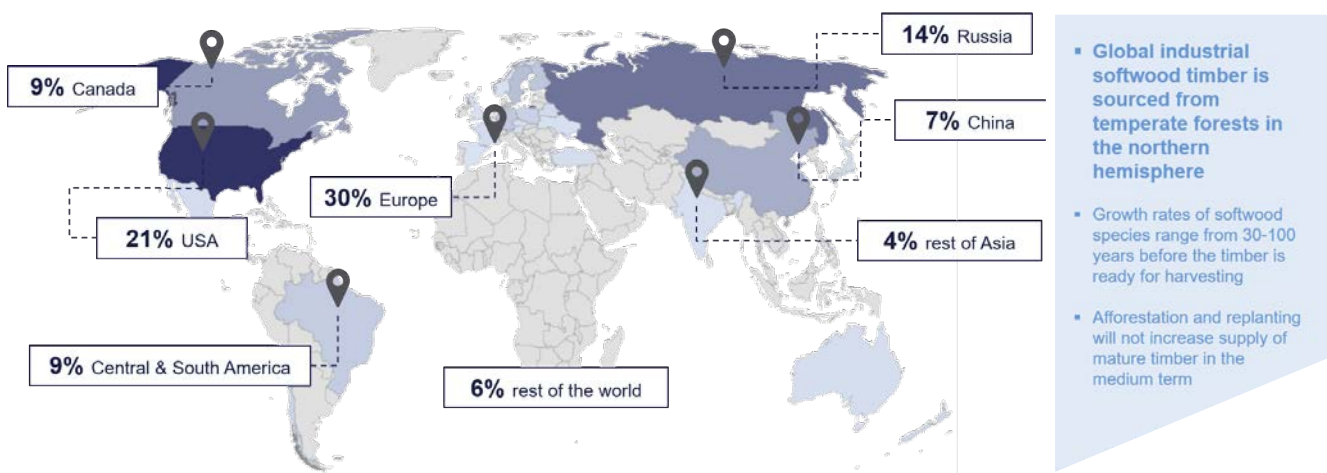
Non-economic factors such as legislation are restricting the availability of timber that can be consumed. A global move towards sourcing sustainable certified timber is restricting illegal logging, estimated by the World Bank to amount to \$23 billion of wood being illegally cut every year. This represents around 20% of the global wood supply. It is quite possible that this is an underestimate due to the difficulty in obtaining comprehensive data of illegal harvesting activity.

In March 2013 the EU Timber Regulation came into force prohibiting the placing on the EU market of illegally harvested timber and products derived from such timber. Similar regulations had already been implemented in the US (2008 Lacey Act Amendments).

To combat illegal logging, global certification schemes such as Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) aim to establish guidelines and regulations on how forests are managed and harvested. Between them, FSC and PEFC certification cover 500 million hectares globally, which is around 14% of the total global forest area. They aim to significantly increase the proportion of global forest area that is under their stewardship.

China has introduced measures to completely ban the harvesting of natural forests, to promote an environmentally and economically sustainable growth model, restricting circa 50 million cubic metres of logs per year. This sentiment can also be seen in more traditional timber growing countries such as Eastern Canada where the timber supply has declined as the Government of Quebec reduced the annual allowable cut by 20% in the mid 2000's to address excessive historic harvesting.

Global Softwood Production



3.2.2. COMPETING USES RESTRICT THE EXPLOITABLE RESOURCE

Concern about global food supply provides competition for land that may be suitable for forestry and in some countries, such as Brazil, areas are being deforested to be turned into agricultural production.

3.2.3. MAJOR CAPITAL EXPENDITURE IS REQUIRED TO ACCESS FURTHER SUPPLIES

Increased supply can only arise in the medium term from greater exploitation of increasingly remote natural resources, for example those in Siberia.

The consequence will be higher forest values, due to increased demand for timber producing assets, which also have a social and sustainable attraction to an increasing universe of investors.

3.3. GLOBAL INCREASE IN MONEY SUPPLY TO COUNTERACT THE COVID-19 PANDEMIC WILL SUPPORT ASSET VALUES

In response to the global outbreak of the Covid-19 virus in Q1 2020, central banks around the world have intervened to provide fiscal support through monetary policy, essentially printing money to help support furloughed workers and businesses affected by the virus until market conditions normalise. The Quantitative Easing (QE) policy employed by central banks was also used in the aftermath of the global financial crisis in 2008 (albeit through the purchase of government bonds), and the consequences of that intervention are already resurfacing.

Interest rates are expected to remain exceptionally low for a considerable period of time, and in some cases have become negative, meaning that savers are not incentivised to hold cash or cash equivalents. The logical implication of this, as seen after 2008, is that asset values rise on the basis that investors look to minimise exposure to cash. In particular, real assets and alternative asset classes, such as commercial forestry, are anticipated to see an increase in asset values as investors look for defensive alternatives to act as a store of value. UK forestry assets could therefore see a surge of interest as the flight of capital from cash is deployed into 'safe haven' assets, which are not correlated to mainstream asset classes.

Gresham House believe that increased demand for timber, driven by a range of long term, multi decade spanning 'megatrends', combined with constraints on supply, will cause timber prices to rise significantly.

When combined with the current low interest rate environment Gresham House believe this to be a good opportunity to increase the size of the Partnership's portfolio.

4. FORESTRY RETURNS

4.1. TARGET RETURN

The Partnership's target post-tax IRR of 7%³, net of all fees and costs, is predicated on:

1. A return on constant timber prices of 2.0%, arising from the biological growth of the crop and the resulting increase in the value of the timber.
2. Annual inflation assumption of 2.5%.
3. An annual real increase in the timber price of 2.5%.

Rising timber prices impact both on the value of timber and also on land values. Ownership of freehold land as well as the growing timber crop ensures that maximum value is captured for forest owners.

4.2. HISTORIC RETURNS

As at 30 November 2019 the Partnership has achieved a blended IRR to all Limited Partners of 11.7%¹. All share classes have achieved returns in excess of the target return, as shown below:

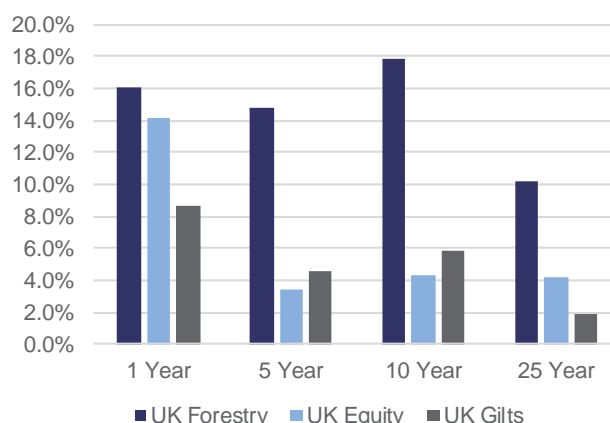
Share Class	Internal Rate of Return (IRR)	Since
Founder Partnership Shares	12.2%	December 2008
Initial Partnership Shares	11.9%	January to August 2009
"A" Partnership Shares	11.1%	August 2012 to March 2013
"B" Partnership Shares	9.5%	September to December 2017
All Share Classes	11.7%	

The Partnership's target IRR of 7% post-tax net of all fees and costs is consistent with the long term return on UK forestry as published by the independent International Property Databank's UK Forestry Index (IPD Index), which is stated prior to acquisition and management costs.

The IPD index provider, MSCI, discontinued their production of the Index after the 31 December 2017 publication. Whilst a new Index provider intends to take over this Index the handover is still being negotiated.

Over the 25 years to 31 December 2019, which includes the 23 years of the external IPD Index (to 31 December 2017) plus two years of Gresham House extrapolated data (to 31 December 2019), has shown an annualised return of 10.2%. For the last two year period, 2018 and 2019, Gresham House have used independent valuations of multiple Gresham House managed portfolios as a temporary measure.

Annualised returns – IPD UK Forestry Index to 2017 + 2018/19 Gresham House sample data

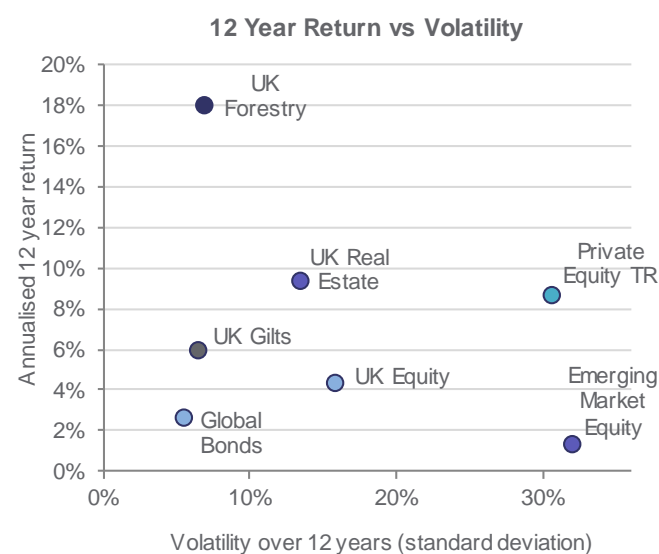


Source: Gresham House, IPD UK Forestry Index

The long term returns have been competitive relative to mainstream assets, particularly as the returns on forestry are largely tax free.

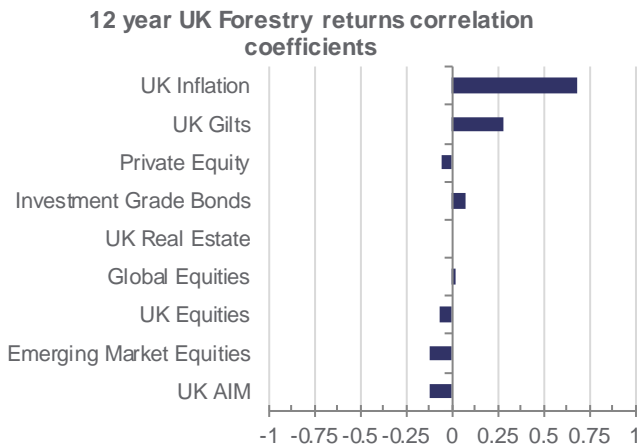
Many factors could affect the performance of the Partnership. Prospective Limited Partners are strongly advised to read Section 8 of this document (Risk Factors) before considering a subscription for interests in the Partnership.

Past performance should not be interpreted as an indication of future performance of the Partnership.



Source: Gresham House, using Bloomberg data. IPD UK Forestry and IPD UK Property Indices, MSCI World / Emerging Markets Indices, FTSE All Share Index, FTSE AIM Index, UK Gilts, UK Inflation, PIMCO Global Bond

Additionally the returns from UK forestry have been uncorrelated to mainstream investments such as equities, making the asset class attractive from the perspective of diversification, and it can be used as a diversifying investment within a wider portfolio. The correlation coefficient graph below shows the performance relative to other asset classes, with low correlation to equities and strong correlation to UK inflation.



Source: Gresham House, using Bloomberg data. IPD UK Forestry and IPD UK Property Indices, MSCI World / Emerging Markets Indices, FTSE All Share Index, FTSE AIM Index, UK Gilts, UK Inflation, PIMCO Global Bond

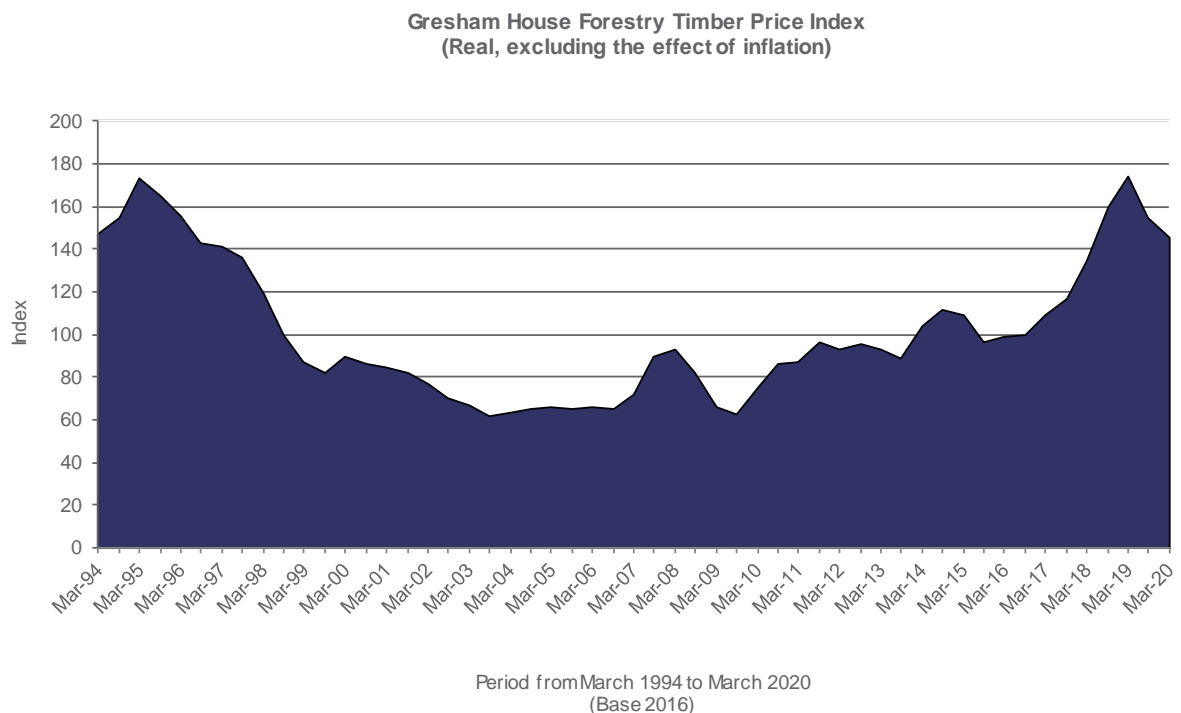
Medium term performance has arisen predominantly from rising timber prices. Discount rates have also hardened as the favourable economic characteristics of UK forestry have become better understood.

Timber prices over the past 26 years, as measured by the Gresham House Timber Price Index, are currently below the index figure for 1995. This indicates that there is substantial upside potential to the current prices, which have not increased after adjusting for inflation, especially when considering the positive market drivers for timber use as discussed in Section 3.

The Gresham House Timber Price Index uses statistics published by the Forestry Commission (FC). It comprises an equal weighting of the Coniferous Standing Sales Price Index (CSSPI), being the average price of standing conifer timber sales, and the Softwood Sawlog Price Index (SSPI), being the average price of all softwood sawlogs sold on the FC estate.

During the last 12 years the only significant declines in the Gresham House Timber Price Index were in 2008 - 2009, due to the swift and substantial fall in output in the construction sector, and a recent softening for two quarters since September 2019. This has been due to an oversupply of poor quality timber from drought stressed European countries over supplying the UK markets. Since March 2020 some timber markets have also reduced operations due to the Covid-19 virus restrictions causing temporary closures to some of the UK timber mills.

Gresham House consider both of these issues to be temporary, and the current dip in timber prices presents a buying opportunity for investors prepared to see through current conditions.



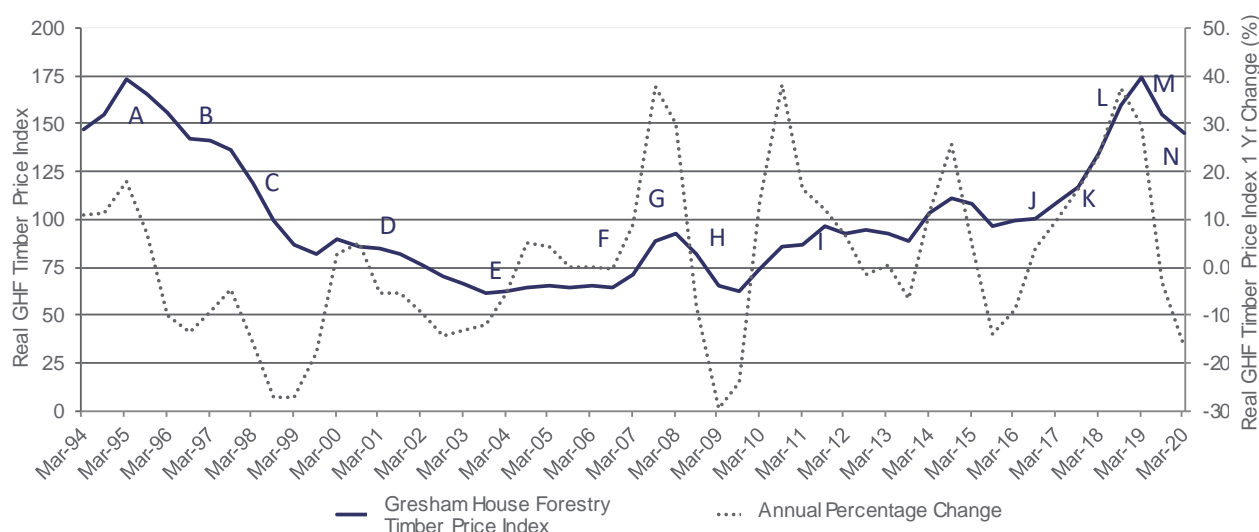
Sources: Forestry Commission, National Audit Office

The graph below shows the Gresham House Timber Price Index together with the annual percentage change. The commentary below, referenced by letters A to N, provides the background of the drivers for changes in the index during the period.

Gresham House is of the opinion that UK forestry continues to offer the prospect of attractive real returns, with low volatility, in a socially responsible asset class and with little or no correlation to mainstream asset classes such as bonds and equities.

Limited Partners should note that past performance should not be interpreted as an indication of future performance. The value of any Limited Partnership Share or income arising from it may go down as well as up and Limited Partners may not recoup the full amount invested.

**Gresham House Forestry (GHF) Timber Price Index and Annual Percentage Change
(Real, excluding the effect of inflation)**



Sources: Forestry Commission, National Audit Office

A - UK timber price driven by demand for small roundwood.

B - Introduction of UK Landfill Tax and UPM Shotton deciding to produce 100% recycled paper, meaning a drop in demand of 900,000 tonnes per annum.

C - Stagnant UK housing market and increase in recycled timber causes a continued fall in timber price.

D - Lack of investment into UK processing industry.

E - Increasing export of UK small roundwood, weakening GBP and UK processing industry investment of £143m.

F - Biomass started to become a major new market for timber.

G - Rise in the cost and price of imported timber cause UK prices to rise. Demand increases as construction industry booms.

H - Banking recession in developed world causes construction industry to collapse, reducing demand.

I - Price recovery as investors turn to real assets and housing starts increase.

J - Brexit vote creates uncertainty.

K - Weakness in GBP improves price of domestic timber.

L - Continued increased demand for small roundwood drives price increase, as GBP weakens further.

M - European Bark Beetle outbreak results in oversupply of sawn timber hitting UK markets.

N - Covid-19 outbreak causes sawmills to close due to lack of demand and social distancing requirements.

5. THE MANAGER

5.1. GRESHAM HOUSE ASSET MANAGEMENT LIMITED (GRESHAM HOUSE)

The Partnership has entered into a Management Agreement with Gresham House, which is summarised in Appendix III.

The Partnership capitalises on Gresham House's 40 years' experience of establishing and managing forestry funds. The Partnership was managed by FIM until 1 January 2019 when, following the acquisition of FIM by Gresham House Holdings Limited in May 2018, the Management Agreement was novated to Gresham House. The continuity of investment personnel allows the Partnership to benefit from FIM's expertise, which has been built up since 1979.

Gresham House are the UK's largest forestry investment manager; our unrivalled market share and experience affords proprietary access to on and off market forestry transactions, which gives Gresham House a significant advantage in deploying capital. Funds under management are circa £2.8 billion, encompassing £1.3 billion of forestry. Clients include: unlisted funds, high net worth individuals, family offices and institutions.

Gresham House is authorised and regulated by the Financial Conduct Authority (FCA) as an Alternative Investment Fund Manager (AIFM) and is accredited to ISO9001, ensuring robust operating procedures and effective corporate governance.

Gresham House manage three other large scale unlisted discretionary forestry funds all of which are closed for new subscriptions. FIM Sustainable Timber and Energy LP's capital is fully deployed. FIM Timberland LP concluded a fundraising in November 2019 and the funds raised have been fully deployed.

Gresham House Forestry Fund LP is a smaller vehicle also managed by Gresham House. It's current NAV is £22 million. The initial capital raise closed in 2018, so no comparable IRR calculation has been produced. Its capital is fully deployed.

To date both Gresham House Forest Fund I LP and FIM Sustainable Timber and Energy LP have provided returns in excess of their target. FIM Timberland LP's IRR to date has been below the target IRR as a result of the costs associated with fund raising and acquiring forests (circa 9.5%). However, all classes of FIM Timberland LP partnership shares have now recouped these establishment costs. Gresham House expect performance to normalise towards the target IRR once FIM Timberland LP has established a longer operating history.

Prospective Limited Partners should note that past performance should not be interpreted as an indication of future performance. The value of any Limited Partnership Share or income arising from it may go down as well as up and Limited Partners may not recoup the full amount subscribed.

5.2. MANAGEMENT SERVICES

Gresham House provides an asset management service independent of woodland managers and timber buyers, so has no conflict of interest in relation to forest management and harvesting activities.

Gresham House's expertise encompasses all aspects of both forestry fund management and asset management, from acquisition of properties, through long term asset stewardship, to realisation via timber harvesting or property sale.

Gresham House actively manage forest assets to enhance returns. The process includes:

1. Employing the best available forest managers and techniques, with strict control of costs, to ensure management is undertaken by skilled professionals at competitive prices.

Gresham House's detailed knowledge of different woodland management companies enables Gresham House to maintain strategic and budgetary control and ensure that the Partnership obtains best value.

Fund	Inception Date	IRR	Target IRR	Current NAV
Gresham House Forest Fund I LP	2008	11.7% ¹	7.0%	£156.5m
FIM Sustainable Timber & Energy LP	2010	11.7% ¹	7.0%	£206.4m
FIM Timberland LP	2015	5.1% ¹	7.0%	£119.4m ⁴

These returns are stated pre-tax but net of all costs, including fund raising costs, costs of acquiring properties and fund management, but prior to any carried interest which may become payable in due course.

4. NAV as at 31 July 2019 plus net funds raised post year end.

2. Astute marketing: Through actively tracking and analysing timber and property prices, Gresham House seek to maximise the return from the assets through the implementation of either well timed timber sales or disposal of the property.
3. Adding additional value to a property through higher and better use, such as residential, sporting or leisure and by identifying additional sources of income, such as from a wind farm lease, hydro electricity developments or telecoms masts.

Gresham House has substantial in-house experience of identifying and implementing additional sources of income on forest properties.

Gresham House's interests are aligned with those of Limited Partners, as the annual management fee is directly linked to the NAV of the Partnership. The fee will increase or decrease in line with the Partnership's NAV, as at each External Valuation Date.

The management service fully encompasses all aspects of the management of the Partnership, from origination through to realisation. It includes the operation of the Partnership, the asset management of the portfolio, Limited Partner and financial reporting, annual portfolio valuations for inclusion in financial statements (when required), placement of insurance and claims handling and all expenses of the Manager.

Gresham House may delegate certain functions (other than portfolio management and risk management) in accordance with the terms of the Management Agreement. No functions are currently delegated.

5.3. MANAGER'S POTENTIAL CONFLICTS OF INTEREST STATEMENT

Gresham House consider the identification and management of potential conflicts of interest to be of paramount importance to our clients.

Gresham House's Conflict of Interest Policy, together with the provisions of the Management Agreement and Limited Partnership Agreement, requires the identification and effective management of any potential conflict of interest.

Any potential conflict of interest identified which could adversely impact the Partnership will be brought to the attention of the Advisory Committee, together with full disclosure on how Gresham House would propose to mitigate or remove the potential conflict of interest. The approval of the Advisory Committee is then required prior to this transaction proceeding.

The Advisory Committee has been consulted on this "C" Partnership Share issue and has approved the expansion of the Partnership.

Gresham House operate three other discretionary forestry limited partnerships:

- FIM Sustainable Timber and Energy LP is closed for new subscriptions and its funds are fully deployed.
- FIM Timberland LP concluded fund raising on 30 November 2019 and is closed for new subscriptions. The funds raised have already been deployed or committed.
- Gresham House Forestry Fund LP is closed for new subscriptions and its funds are fully deployed.

For these reasons, the contractual relationships between Gresham House and these other limited partnerships do not present a conflict of interest with respect to the "C" Partnership Share issue.

5.4. POLICY ON FAIR TREATMENT OF LIMITED PARTNERS

The Manager's policy for fair treatment of Limited Partners is:

- To provide clear and full information relating to the Partnership and the nature and risks of subscribing to Limited Partnership Shares prior to subscription.
- To ensure the Limited Partnership Agreement includes provision for an Advisory Committee to consult in relation to any potential conflicts of interest which may arise in accordance with the Manager's Conflict of Interest Policy.
- To provide clear and full reporting to Limited Partners during the operation of the Partnership to enable Limited Partners to make informed decisions in relation to their interest in the Partnership.
- Ensure fee rebates for large subscriptions by Limited Partners are clearly stated and applied consistently.

6. THE PARTNERSHIP

6.1. “C” PARTNERSHIP SHARE ISSUE

The capital of the Partnership is currently divided into Founder Partnership Shares, Initial Partnership Shares, “A” Partnership Shares and “B” Partnership Shares. The existing Limited Partners approved by a majority of 98% the Manager’s recommendation to expand the Partnership on the terms set out in this IM.

The General Partner is authorised to issue “C” Partnership Shares at an issue price of £3,061 each, based on a premium of 12% to the NAV of £2,733.64 per Partnership Share as established in the audited accounts at 30 November 2019, incorporating an External Valuation of the Partnership’s portfolio.

The premium is calculated to recover the purchase costs of acquiring UK forests including Land and Business Transaction Tax in Scotland (LBTT) or Stamp Duty Land Tax in England (SDLT) or Land Transaction Tax (LTT) in Wales, and legal fees (5.5%); the Manager’s fundraising fee of 2% of capital subscribed and acquisition fee of 2% of the acquisition price of properties purchased plus anticipated expenses of £75,000 for this Issue; and an element of goodwill (2.5%) to reflect the value inherent in the established portfolio and perceived growth in NAV since 30 November 2019.

Fundraise promotion fee	2.0%
Acquisition fee	2.0%
Stamp duty and legal fees	5.5%
Goodwill	2.5%
Total Premium	12.0%

“C” Partnership Shares will be issued on the last business day of each month subject, to a minimum of 30 Partnership Shares.

The Initial Closing date for this issue is 31 October 2020. The Manager has discretion to extend this to the Final Closing date of 30 November 2020.

Applications will only be accepted on receipt of the approved Application Pack accompanying this Information Memorandum and once cleared funds have been received by the Partnership. The Manager shall have absolute discretion as to whether or not to accept Applications.

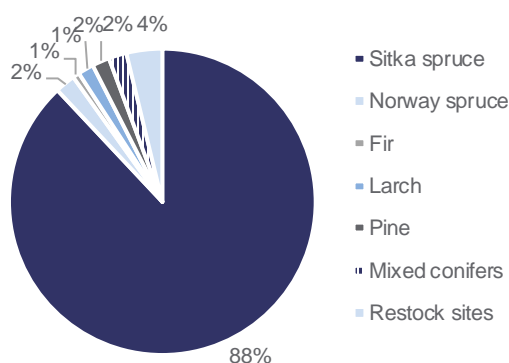
Date Issued	Limited Partnership Share Class	Weighted Share Issue Price	Number Issued	Sum Raised	First Distribution
1 December 2008	Founder	£996.19	21,873	£21,789,600	November 2010
January to August 2009	Initial	£1,041.26	5,486	£5,712,366	November 2011
August 2012 to March 2013	“A”	£1,470.00	12,988	£19,092,360	November 2015
September to December 2017	“B”	£2,330.00	16,915	£39,411,950	November 2019
Available Under Current Offer					
June 2020 to October 2020	“C”	£3,061.00	Anticipated 19,601	Anticipated £60,000,000	November 2022

6.2. EXISTING PORTFOLIO

The Partnership owns a geographically diversified, high quality portfolio of 44 commercial forests, with a total area of 15,397 hectares (38,047 acres). The portfolio is heavily weighted towards South Scotland, which is the centre of the UK timber processing industry, where the highest price is normally paid for timber. Geographic diversification is achieved through ownership of forests in England and Wales, as well as across Scotland, and the portfolio has a range of age classes, with significant reserves of mature timber planned to be harvested in the coming years.

Infrastructure for timber extraction is largely in place across the portfolio, enabling the Manager to capitalise on periods of high demand for standing timber at short notice, to the benefit of the Limited Partners.

The Partnership's commercial crop is heavily weighted towards Sitka spruce, the UK's fastest growing conifer.

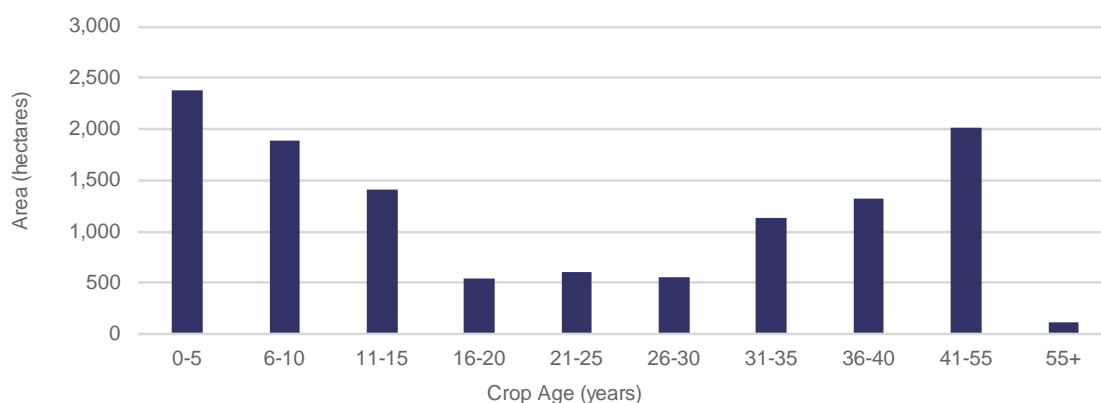


The Partnership's commercial crop has a weighted average age of 22 years. As shown in the bar chart below, the portfolio contains some 4,591 hectares of commercial crops over 30 years of age which would be suitable for harvesting over the next 15 years.

**Map of Gresham House Forest Fund I LP
forest portfolio**



**Age Class
Distribution of Commercial Conifer Species
11,983 hectares**



6.3. TARGET PORTFOLIO

The Partnership will acquire further high quality plantations of Sitka spruce, the UK's principal coniferous tree species, which the UK's processing industry is built around. The UK's maritime climate is ideally suited to this tree species, with rotation lengths of 35 to 50 years. This is substantially shorter than most countries supplying timber to the UK, where rotation lengths are 70 to 100 years (Scandinavia).

The Partnership will target large scale (circa £2 million plus) freehold commercial forest properties, to benefit from economies of scale, with good access to the public road network and well located for timber markets.

6.4. ENVIRONMENTAL AND SOCIAL RESPONSIBILITY STATEMENT

Gresham House has a clear commitment to sustainable investment as an integral part of its business mission. As a signatory to the UN-supported Principles for Responsible Investment, Gresham House is committed to operating responsibly and sustainably. We integrate Environmental, Social, Governance and Economic benefit considerations into our selection, evaluation, governance and management processes across the lifecycle of each investment.

All forests acquired by the Partnership will be managed by qualified, experienced forest managers, known to and selected by Gresham House, and all will be certified to Forest Stewardship Council's (FSC) approved standards when harvested.

The Partnership's forests will be managed in accordance with the UK Woodland Assurance Standard (UKWAS).

In practice the forest is initially audited prior to the first rotation harvest and thereafter inspected on a regular basis to ensure the highest quality of woodland and environmental management. Certification schemes provide a way of defining sustainable forest management as well as third party independent verification that a timber source meets the definition of sustainability. These schemes include a mechanism for tracing products from the certified source forest to the end use, providing evidence that it is both legal and sustainable.

The costs of certification and managing the Partnership's forests sustainably, with crops being replanted after harvesting, are factored into the Partnership's business plan.

Gresham House's thematic sustainable investment framework shown below is used to structure analysis, monitoring and reporting of sustainability issues and opportunities within the lifecycle of forestry investments.

 Environmental		 Social		 Governance	
Carbon, emissions and pollution 	Forest carbon sequestration optimisation; low-embodied-carbon output, pesticide minimisation	Employment, health, safety and well-being 	Workers' rights and employment conditions: robust H&S, equality, living wages and training	Governance and ethics 	Good forestry management objectives and implementation; ethics policies and accountability
Natural resources management 	Optimisation of biodiversity, water, heritage and visual landscape management	Marketplace responsibility 	Optimisation of sustainable forestry benefits via implementation of good forestry principles	Risk and compliance 	Robust risk and compliance management
Waste management 	Sustainable management of waste arising from forestry operations	Supply chain sustainability 	Sustainability capability of management contractors; policy led selection of less impactful inputs	Commitment to sustainability 	Monitoring and enhancement of positive impacts across the portfolio; proactive management of potential negative ESG impacts
		Community care and engagement 	Good practice community relations: respect local rights; management of impacts, complaints and access		

6.5. FORESTRY INSURANCE

The Manager will seek to mitigate physical risks through insurance of the timber crops.

Gresham House arranges and administers a growing timber insurance policy. The policy insures growing timber for fire damage until 40 years of age. Commercial crops between 21 and 30 years of age are generally also insured against wind blow on the basis of their expected value. From 30 years of age upwards mature crops can generally be salvaged with little or no loss of value or increased working costs. Public Liability cover of £10 million on each property is included.

There is no insurance cover in the market for loss of production from pests or disease. There is no current evidence of any significant problem affecting Sitka spruce, the main commercial tree species in the UK. The size, value and economic importance of the commercial forest estate should encourage an industry-wide solution to be developed should any problem appear in the future. This risk is mitigated through a large-scale portfolio providing geographic diversification and spread of age classes and through professional management.

6.6. DISTRIBUTIONS

The Manager plans to make annual, largely tax free distributions to Limited Partners where appropriate. The payment of distributions will depend on the level of harvesting. The Manager's strategy is to harvest timber and manage expenditure to create an operating surplus sufficient to cover the planned annual distributions to Limited Partners.

The target distribution³ for November 2020 is estimated at £59.20 per Limited Partnership Share, which is based on the November 2019 distribution of £58.30 adjusted by an estimate of the 12 month Consumer Price Index (CPI) + 1%. The Partnership's distribution policy is to aim to increase the distribution annually by applying the rate of 1% over the rate of inflation, as measured by the increase in the CPI (using the figure published by the Office for National Statistics) to provide an inflation adjusted revenue stream.

The Partnership's forest portfolio is able to "store" value on the stump at times of market weakness. In times of significantly lower prices, as last happened in 2009, trees can be left to grow in both volume and unit value. In such circumstances the Manager may elect to restrict or cease harvesting, with the objective of maximising total return to Limited Partners. As such, the distribution may be reduced or postponed, subject to the notification of the Advisory Committee.

In 2009 timber prices reduced due to the financial crisis and accordingly harvesting was curtailed to protect the Partnership's timber reserves from being sold at temporarily low prices. A double distribution was paid the following year, when timber prices had improved, resulting in all Limited Partners receiving the planned distribution payment without compromising the capital value of the portfolio.

"C" Partnership Shares as issued under this IM will first qualify for any distribution planned to be paid in November 2022, in relation to earnings in the 2021/22 financial year.

At that time all Limited Partnership Shares will rank pari passu with respect to distribution payments and will have equal entitlement to future distributions thereafter.

Limited Partners should not assume that distributions will be made at the target level or that distributions will be made annually, or indeed at all.

6.7. TAXATION

A Limited Partnership is treated as "tax transparent" for UK Income Tax, Corporation Tax and Capital Gains Tax. As such any income subject to UK Income Tax/Corporation Tax or any gains subject to Capital Gains Tax are treated as arising directly in the hands of the Limited Partners. No direct taxation is payable by the Partnership itself and Limited Partners are taxed based on their individual circumstances. The main provisions of relevance under current UK tax legislation are set out in Appendix I.

In summary, ownership and operation of commercial forestry is currently subject to favourable taxation treatment:

- No liability to income tax or corporation tax on revenue from timber harvesting, although rental income and bank interest are subject to income or corporation tax.
- No liability to CGT on the increase in the value of timber. Taxable gains arising on the sale of underlying land are subject to CGT.
- Qualifies for 100% relief from IHT, due to Business Property Relief (BPR), once held for two years.

6.8. STRUCTURE

The Partnership was named FIM Forest Fund I LP, but was renamed Gresham House Forest Fund I LP in June 2020, following a vote by Limited Partners on 24 March 2020. The Partnership is a Scottish Limited Partnership. Gresham House operates three other large scale, unlisted forestry funds which are also structured as Scottish Limited Partnerships.

A Limited Partnership is tax transparent. The structure significantly increases the return in comparison with a corporate vehicle, as much of the return from Limited Partnership Shares will be tax free, arising from the trade of commercial woodlands. The structure allows Limited Partners to retain such returns tax free.

As a Limited Partnership, each Limited Partner's total liability in respect of the Partnership will be limited to an amount equal to that Limited Partner's capital contribution.

The Partnership acts by its General Partner, FIM Forest Funds General Partner Limited, which is an entity wholly owned by Gresham House. The General Partner has ultimate responsibility for the management of the Partnership. The General Partner has appointed Gresham House as its Manager to carry out the required regulated activities. The terms of this appointment are detailed in the Management Agreement and summarised in Appendix III of this document.

A summary of the Limited Partnership Agreement governing the Partnership is set out in Appendix II.

Any further issue of Limited Partnership Shares (beyond "C" Partnership Shares) will be subject to a vote requiring approval by a majority of Limited Partners aggregating 75% by value of Limited Partnership Shares voting.

6.9. LIQUIDITY

The Manager operates the Partnership with the aim of providing a degree of liquidity to Limited Partners. However, with no recognised market for Limited Partnership Shares, nor any plans by the Partnership to establish one, it may be difficult for a Limited Partner to sell their interest in the Partnership.

Liquidity in the Partnership is facilitated by:

I. Arranging deals between vendors and purchasers

A Limited Partner may sell an interest in the Partnership in whole or in part, with any retained holding being subject to the minimum holding of 20 Limited Partnership Shares.

Gresham House undertakes to seek to arrange deals between willing vendors and willing purchasers for the sale of Limited Partnership Shares at mutually agreed prices. This service may provide an element of ongoing liquidity to the benefit of Limited Partners.

Over the past two years, transactions of shares in similar funds managed by Gresham House have totalled £5.9 million, with the average transaction time being 34 days and all shares trading at a premium to the last published NAV.

II. Set Termination Dates

Set termination dates are designed to ensure Limited Partners are not locked into the Partnership, as they can vote on those dates to wind it up, whereupon the assets would be sold and cash distributed.

- **First Termination Date of 30 November 2033**
at which date winding up will commence unless a majority of Limited Partners aggregating 75% by value of Limited Partnership Shares voting have voted for the Partnership to continue for a further period of four years.
- **Second Termination Date of 30 November 2037**, winding up will commence unless a majority of Limited Partners aggregating 75% by value of Limited Partnership Shares voting have voted for the Partnership to continue for a further period of four years.
- **Final Termination Date of 30 November 2041.**

6.10. TRANSFER OF LIMITED PARTNERSHIP SHARES

Limited Partners may implement transfers for no consideration at any time, subject to the consent of the General Partner.

If only part of the holding is transferred, the General Partner will only consent to the transfer subject to:

- the transferor retaining a minimum holding of 20 Limited Partnership Shares;
- each transferee holding a minimum of 20 Limited Partnership Shares.

6.11. FINANCIAL STATEMENTS

The Partnership's accounting year-end is 30 November, with the next accounting period ending on 30 November 2020. An extract of the financial statements for the year ended 30 November 2019 is attached at Appendix IV.

For each accounting period the Manager will prepare and issue an Annual Report and audited Financial Statements. These will be provided to each Limited Partner within 90 days after the year end.

The Manager will also submit a six monthly interim report to Limited Partners.

The Manager will arrange an Annual General Meeting of the Partnership within six months of the end of each accounting period.

6.12. POST BALANCE SHEET EVENTS

Since 30 November 2019 a further forest was added to the portfolio for £5.5 million (prior to purchase costs) comprising 338.0 hectares in total. This was primarily funded using the Barclays debt facility resulting in a total outstanding loan balance of £20 million (12.8% of NAV) at the time of preparing this Information Memorandum.

6.13. ANNUAL VALUATION

Independent market valuations of the Partnership's portfolio will be undertaken by an External Valuer on each External Valuation Date, the next being 30 November 2021 and every two years thereafter for the duration of the Partnership.

In the intervening years, the next being 30 November 2020, Gresham House as Internal Valuer will provide an opinion of value of the Partnership's portfolio as at 30 November which will be incorporated in the audited accounts. As Internal Valuer, Gresham House's valuation will be undertaken by a Royal Institution of Chartered Surveyors (RICS) Registered Valuer and will be in accordance with the RICS Global Valuation Standards.

6.14. CASH

The Partnership's cash is held in its own bank accounts with UK clearing banks.

The Partnership's main bank is Clydesdale Bank. Clydesdale Bank is not an associate of the Manager.

Interest on cleared funds accrues for the benefit of Limited Partners.

The Manager accepts no liability for the loss of monies in the event of any relevant bank defaulting.

6.15. LEVERAGE

The Partnership currently has a loan with Barclays Bank of £20.0 million, equating to 12.8% of the NAV at 30 November 2019.

Any borrowing is limited to 20% of the NAV of the Partnership, calculated at the date of the gearing being employed.

This may be utilised by the Manager to:

- I. Provide working capital; or
- II. Permit the Partnership to acquire additional assets when the Manager considers it is advantageous for the Partnership to do so.
- III. Fund the purchase by the Manager acting on behalf of the Partnership of up to 20% of the Partnership Interests at a price determined by the General Partner following consultation with the Advisory Committee.

The Manager may consider acquiring suitable assets using additional gearing in advance of receiving new capital from this issue should it be considered to be in the best interest of Limited Partners. However the Manager aims to reduce the overall level of gearing in the Partnership prior to the next financial year end, being 30 November 2020.

6.16. DOCUMENTATION

The following documents are available on request or at the offices of the Manager during normal business hours:

- Third Amended and Restated Limited Partnership Agreement dated 1 June 2020.
- Management Agreement between the Partnership and Gresham House Asset Management Limited dated 5 June 2020.
- Report and Financial Statements for the year to 30 November 2019.

7. FEES, CHARGES AND ISSUE EXPENSES

7.1. GRESHAM HOUSE FOREST FUND I LP

The Manager is targeting to raise approximately £60 million under this “C” Partnership Share issue. All funds raised, net of fund promotion and issue expenses, will be available to reduce the loan facility and to acquire UK commercial forests, subject to the identification of suitable opportunities.

Any fee charged is in accordance with the terms of the Limited Partnership agreement and the Management Agreement.

a. Partnership Promotion and Issue Expenses

Gresham House receive a fee of 2% of the funds subscribed, for marketing the Partnership and raising equity.

A rebate will be offered to Limited Partners on a progressive scale relative to the amount to be invested:

- Sums invested up to £999,999 – No rebate.
- Sum invested £1 million to £1,999,999 – Gresham House will rebate 0.5% of the amount invested between £1 million and £1,999,999.99 to the Limited Partner.
- Sum invested £2 million and above – Gresham House will rebate 1.0% of the amount invested over £2 million, in addition to the rebate of 0.5% of the amount invested between £1 million and £1,999,999.99, to the Limited Partner.

For the purposes of clarity, the rebate applies in the following circumstances:

- I. An individual or joint Application made, for which a single Partnership Share certificate is provided; or
- II. Gresham House will treat the Applicants as connected and will amalgamate their Applications for the purposes of calculating any rebate due in the following circumstances only: i. Spouses, children or siblings investing together; or ii. Family Offices or a Financial Institution (such as a Pension Fund) investing either directly or through their investment vehicle(s).

All Limited Partners will invest *pari passu* with all others in accordance with this Information Memorandum, notwithstanding that their personal investment cost may vary in line with any rebate they have received.

In the interests of treating all customers fairly no other rebates will be made.

The Partnership will meet all costs in connection with the issue of “C” Partnership Shares, which are capped at £75,000. Any costs over and above this amount in relation to “C” Partnership Shares will be met by Gresham House.

b. Management Fees

Gresham House receive an annual Management Fee payable half yearly in arrears. This is calculated as:

- 0.5% of the NAV of the Partnership as determined at the External Valuation Date of 30 November 2019, plus capital subscribed in the Partnership after the External Valuation Date, less the fund promotion and issue expenses applicable thereto set out above, prorated for the number of months the capital has been subscribed.

The Management Fee will be rebased at each subsequent External Valuation Date to be 0.5% of the NAV established in the audited accounts as at that date.

In each year between External Valuation Dates the Management Fee will be increased annually in arrears in line with RPI.

An annual fee of £30,000 (to increase annually in line with RPI) is payable to the Manager to cover the costs of complying with regulatory and compliance requirements that are undertaken for the operation of the fund.

The Manager charges a fee of 2% on income from timber sales.

The Manager receives an insurance commission for the management of insurance direct from the broker.

The Manager is entitled to a performance payment of 15% of such excess return 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. To date the Manager has not exceeded the benchmark for the performance payment and all profits have accrued to Limited Partners. As this Index is no longer in existence, any performance payment (if applicable) will be calculated upon any successor independent Index.

The Manager will ensure that ongoing costs are carefully controlled. An estimate of the total Ongoing Charge Figure for the Partnership once all capital is fully deployed is 0.59%.

c. Transaction Fee

A fee of 2% of capital deployed or redeployed by the Partnership is payable to Gresham House on completion of an acquisition of an asset by the Partnership, to cover the identification, negotiation, due diligence, acquisition and completion of the purchase of the asset.

d. Expenses and Overheads

The Partnership will pay for all of its direct annual overheads, including audit fees, tax advice and depositary services. These are estimated to be c.£75,000 per annum.

The Advisory Committee will be entitled to recover from the Partnership all reasonable travel and other direct expenses incurred in performing their obligations.

The Partnership will incur normal expenses on investments acquired. These include legal and registration fees and Stamp Duty Land Tax (SDLT) on purchases in England, Land Transaction Tax (LTT) on purchases in Wales and Land and Buildings Transaction Tax (LBTT) on purchases in Scotland.

The rate of SDLT for non-residential properties is zero on that part of the price up to £150,000, 2% on the portion from £150,001 to £250,000 and 5% on the remaining amount.

LBTT is a progressive tax. The rates for non-residential properties are: 0% up to £150,000; 3% between £150,001 and £350,000; 5% on the remainder of the price over £350,000.

LTT is a progressive tax. The rates for non-residential properties are as follows:

Up to £150,000	0%
The next £100,000	1%
The next £750,000	5%
The amount over £1 million	6%

7.2. LIMITED PARTNERS

Gresham House is entitled to be paid the following fees directly by Limited Partners:

Fee on Sale of Limited Partnership Shares

When Gresham House arranges a sale of Limited Partnership Shares in the Partnership between a vendor and a purchaser, Gresham House shall be entitled to (i) a fee from the vendor of 3% plus VAT of the sale price, and (ii) a fee from the purchaser of 3% plus VAT of the sale price if they are a new Limited Partner.

There is no fee payable by the purchaser if they are an existing Limited Partner.

Fee on Transfer (without consideration) of Limited Partnership Shares.

A processing fee of £100 plus VAT (payable by the transferor unless the transferee has agreed to pay it in place of the transferor) on each transfer of Limited Partnership Shares in the Partnership.

7.3. VALUE ADDED TAX (VAT)

All fees stated herein are subject to VAT (currently 20%) where applicable.

8. RISK FACTORS

Participation in the Partnership carries a high degree of risk, including but not limited to the risks referred to below. If any of the risks referred to in this document were to occur, the financial position and prospects of the Partnership could be materially and adversely affected. If that were to occur, the value of the “C” Partnership Shares and/or the level of distributions (if any) received from the “C” Partnership Shares could decline significantly and Limited Partners could lose all or part of their capital contribution.

The risks referred to below are the risks which are considered to be material but are not the only risks relating to the Partnership and the “C” Partnership Shares. There may be additional material risks that the Partnership and the Manager do not currently consider to be material or of which the Partnership and the Manager are not currently aware. Prospective Limited Partners should review this document carefully and in its entirety and consult with their professional advisers before acquiring any “C” Partnership Shares.

Limited Partners in the Partnership must consider the potential risks, which include, but are not limited to, the following:

- Gresham House does not provide tax advice and Limited Partners should be aware that the taxation treatment of the Partnership and/or of its assets could change in the future. Information regarding taxation is based upon current UK taxation legislation and practices. Tax law and practice is, of course, subject to change. Any changes in the level and basis of taxation, in tax reliefs or in HM Revenue and Customs (HMRC) or Revenue Scotland practices, may affect the value of an interest in the Partnership and returns to Limited Partners.
- An interest in the Partnership will generally be illiquid. It is not anticipated that a public market for interests in the Partnership will develop. A Limited Partner may not be able to sell their interest at an acceptable price, or at all. In addition, it may be difficult for a Limited Partner to obtain reliable information about the value of an interest in the Partnership or the extent of the risks to which such an interest is exposed. There is no guarantee that the valuations given on periodic statements will accurately reflect the realisation proceeds that may be obtained. As with all valuations, the valuations are based only on the valuer’s professional opinion on a stated date.
- The level of any planned distribution may vary or may not be paid at all and Limited Partners may not get back the amount of capital subscribed.
- Although the Partnership will insure the forests against the insurable risks, damage could be caused to the crops by adverse weather, pests, disease or other uninsured events which could affect the value of the Partnership’s portfolio.
- Timber prices may fall or not increase to the extent expected, reducing the return to Limited Partners below the target. There is thus no certainty that the target IRR will be achieved.
- The Partnership is a UCIS and the UK Financial Services Compensation Scheme is not generally applicable to claims relating to UCISs. Limited Partners in the Partnership may have protection under the UK Financial Services Compensation Scheme in certain circumstances but should never assume this until they have satisfied themselves on their position through direct enquiry to their Financial Adviser. Consequently a Limited Partner may lose the full amount of their interest in the Partnership.
- The success of the Partnership depends on the ability of the Manager to locate, select and realise appropriate acquisition opportunities. There is no guarantee that suitable assets will or can be acquired or realised as and when required.
- Any figures set out in this document are prepared on the assumptions stated. These are for illustrative purposes only and do not constitute forecasts.
- Any increase in projected costs of running each forest or the overheads of the Partnership may adversely affect the projected distributions from the Partnership.
- To protect the limited liability status of the Limited Partners as Limited Partners in the Partnership, Limited Partners are excluded from making certain decisions and will have no right or power to control or participate in the day-to-day management of the Partnership or of any of its assets, including any acquisition and disposal decisions. All aspects of management are entrusted to the Manager, Gresham House. The directors or employees of the Manager who are responsible for decision making and strategy may change from time to time.

- There is no guarantee that the objectives of the Partnership will be achieved and the value of the Limited Partnership Shares may go down as well as up.
- Any forced change in the General Partner, the management of the Partnership, or any of its assets, could adversely impact on the service provided to the Partnership and the implementation of its business plan.
- The opportunity described in this document may not be suitable for all recipients. The Partnership is designed to be a long term opportunity. It is not designed as a short term opportunity. Any prospective Limited Partner who has any doubt about the suitability of the Partnership should consult an independent financial adviser regarding all aspects of the Partnership, including taxation matters, prior to committing to subscribe in the Partnership.
- The macroeconomic effect of Brexit and other events which could adversely impact economic conditions on the value of the Partnership's investments in the forestry sector is unknown.
- Constraints on the availability of bank debt and its pricing as a result of prevailing market conditions may affect the ability of the Partnership to raise or to refinance debt.
- The Partnership may have to offer security over its underlying assets in order to secure indebtedness. Any failure by the Partnership to fulfil obligations under any related financing documents (including repayment) may permit a lender to demand repayment of the related loan and to realise its security. In the event that such security involves the lender taking control (whether by possession or transfer of ownership) of the Partnership's underlying assets, the Partnership's returns may be adversely impacted.

9. DEFINITIONS

“A” PARTNERSHIP SHARES	Limited Partnership Shares which were acquired by Limited Partners prior to 31 March 2013 which are not Founder or Initial Limited Partnership Shares.
AIFMD	Directive 2011/61/EU on Alternative Investment Fund Managers (Level 1), as supplemented by Commission delegated Regulation (EU) No.231/2013 of 19 December 2012 (Level 2) as implemented in the UK by the Regulations and any equivalent or similar law, rule or regulation implemented in the United Kingdom as a result of its withdrawal from the European Union or otherwise and the rules and guidance issued by the FCA from time to time, in each case in so far as applicable to the Manager in the provision of services under the Limited Partnership Agreement and as may be amended from time to time.
ALTERNATIVE INVESTMENT FUND	Shall have the meaning given in Article 4(i) of AIFMD.
“B” PARTNERSHIP SHARES	Limited Partnership Shares which were acquired by Limited Partners prior to 31 December 2017 which are not Founder, Initial or “A” Partnership Shares.
“C” PARTNERSHIP SHARES	Limited Partnership Shares which are acquired by Limited Partners pursuant to this IM.
CLOSING DATE	31 October 2020, or as notified by the Manager, at its sole discretion.
EXTERNAL VALUER	A Valuer who is independent from (i) the Partnership, (ii) Gresham House or (iii) any other person with close links to the Partnership or Gresham House, as required by AIFMD.
EXTERNAL VALUATION DATE	31 May 2012, 30 November 2016, 30 November 2019 and every two years following 30 November 2019 thereafter.
GRESHAM HOUSE	Gresham House Asset Management Limited, incorporated in England with number 09447087.
FOUNDER PARTNERSHIP SHARES	Limited Partnership Shares which were acquired by Limited Partners prior to 31 December 2008.
GENERAL PARTNER	FIM Forest Funds General Partner Limited, a limited liability company incorporated in England with number 06615249, acting in its capacity as the general partner of the Partnership, and wholly owned by Gresham House.
INITIAL PARTNERSHIP SHARES	Limited Partnership Shares which are not Founder Limited Partnership Shares which were acquired by Limited Partners prior to 31 August 2009.
INTERNAL VALUER	Gresham House, when performing the valuation function in accordance with the AIFMD rules.
IRR	The internal rate of return accruing to Limited Partners from distributions made by the Partnership plus the final market value of the Partnership’s investments derived by calculating the discount rate which when applied to the series of cash flows produces a net present value equivalent to zero.

LIMITED PARTNER	Limited Partners who subscribe for Limited Partnership Shares and are admitted to the Partnership in accordance with (and as further defined in) the Limited Partnership Agreement.
LIMITED PARTNERSHIP (THE PARTNERSHIP)	Gresham House Forest Fund I LP, a Scottish Limited Partnership formed on 12 June 2008, with registered number SL006597 and a registered place of business at 15 Atholl Crescent, Edinburgh, EH3 8HA.
LIMITED PARTNERSHIP AGREEMENT	The third amended and restated Limited Partnership Agreement dated 1 June 2020 and entered into by all the Limited Partners and the General Partner that governs the administration and activities of the Partnership.
LIMITED PARTNERSHIP INTEREST	The interest of a Limited Partner in the Partnership as defined in the Limited Partnership Agreement.
LIMITED PARTNERSHIP SHARE	An interest in the capital of the Partnership comprised of Founder Partnership Shares, Initial Partnership Shares, "A" Partnership Shares, "B" Partnership Shares and "C" Partnership Shares, as set out in more detail in the Limited Partnership Agreement.
MANAGEMENT AGREEMENT	The agreement between the Partnership and the Manager providing for the management of the Partnership by the Manager.
MANAGER	Gresham House Asset Management Limited, incorporated in England with number 09447087.
NAV	Net Asset Value.
OBJECTIVES	The objectives set out in clause 2.4 of the Limited Partnership Agreement and summarised in this IM.
REGULATIONS	The Alternative Investment Fund Managers Regulations 2013, as amended.
TAX INFORMATION PROVISIONS	Sections 1471 through 1474 of the United States Internal Revenue Code of 1986 as amended ("FATCA"), the OECD Common Reporting Standard ("CRS"), and the Directive for Administrative Co-operation in the field of taxation (Directive 2011/16/EU (as amended by 2014/107/EU)) ("DAC"), any successor provision that is substantively comparable thereto and any other current or future similar or related US or Non-US legislation, and any domestic legislation enacting such provisions or legislations in a jurisdiction in which the Partnership is established or otherwise resident including but not limited to the International Tax Compliance Regulations 2015 (SI 2015/878) (and in each case, any official interpretations thereof (including any published administrative guidance issued in connection therewith)), along with, for the avoidance of doubt, any legislation, intergovernmental agreements or regulations arising as a result of any intergovernmental approach to any of the foregoing or any other legislation pursuant to which the disclosure of information relating to investors or their tax position or status is necessary or desirable.
UCIS	A collective investment scheme as defined in section 235 of FSMA, which is not authorised or recognised by the FCA under sections 242, 262, 264, 270 or 272 of FSMA.

APPENDIX I - TAXATION

The information below is intended as a general summary prepared in accordance with the Manager's current understanding of UK tax laws and should be used only as a guide and does not constitute legal or taxation advice. Gresham House does not provide taxation advice. Prospective Limited Partners are advised to consult their own professional advisers in relation to the financial, legal, taxation, National Insurance Contribution liabilities and other implications of subscription in the Partnership, which will vary in relation to their own particular circumstances.

Commercial forestry is currently subject to favourable taxation treatment in the UK. Under current UK tax law there is no liability to income tax, corporation tax or CGT arising in relation to growing timber. As a consequence, most of the income arising in relation to forestry is anticipated to be free of tax.

Commercial forestry should qualify for 100% relief from IHT, through Business Property Relief (BPR) once held for two years.

SUMMARY

A Limited Partnership is treated as "tax transparent" for UK income tax, capital gains tax and corporation tax purposes.

The Partnership is tax transparent, allowing each Limited Partner only to be taxed according to their circumstances. This should ensure that revenue from timber is received tax free by UK tax resident Limited Partners.

Due to the tax transparent nature of the Partnership the taxable income arising in the Partnership will be allocated to Limited Partners in accordance with their overall holding of Limited Partnership Shares and the date at which these Limited Partnership Shares were allocated (if these Limited Partnership Shares were not owned for the full tax year).

Each Limited Partner will be liable for any tax liabilities arising out of their individual participation in the Partnership, in accordance with the legislation applying in their own jurisdiction.

Any tax treatment or tax relief referred to in this IM, and any accompanying documents, are those applying under relevant UK law, HM Revenue and Customs (HMRC) or Revenue Scotland practices at the time of publication and may change in the future. Their availability and value depends on individual circumstances.

Any change in the level and/or basis of taxation, in tax reliefs or in HMRC or Revenue Scotland practices may adversely affect the value of an interest in the Partnership and returns to Limited Partners.

REGISTRATION REQUIREMENT

Each Limited Partner is required by HMRC to register their interest in the Partnership, by completing form SA401 (Registering a Partner for Self Assessment). Following this registration HMRC will provide a Unique Taxpayers Reference (UTR) number to those Limited Partners who do not already have one. The UTR must be supplied on the Application Pack before the General Partner will approve each application. **HMRC may levy fines against Limited Partners who do not register their interest.**

Limited Partners who are subject to taxation in the United States of America will consent to Gresham House providing relevant information to the Internal Revenue Services under the Foreign Account Tax Compliance Act and will comply with any requests for information from Gresham House in this regard.

INHERITANCE TAX

Once a Limited Partnership Share has been held for two years and the business has been conducting a qualifying business for at least two years, the value of the Limited Partnership Shares should qualify for 100% relief from IHT. This is due to the application of BPR. Accordingly, any lifetime transfers or any transfers on death should be entirely free of IHT.

INCOME TAX

Each Limited Partner will be subject to income tax at their marginal rate on all taxable income arising in the Partnership.

Under UK law different income streams are taxed separately. A summary of this is provided below:

Timber Harvesting

Income generated from the harvesting of timber from UK commercial forestry is exempt from both income and corporation tax.

Other Uses

Income arising from alternative uses, in the form of rents, including wind farm leases, or other taxable sources (e.g. sporting rents or interest income), will be subject to income tax or corporation tax.

CAPITAL GAINS TAX

Timber

Any gain in the value of the timber crop is exempt from CGT.

Land

Any gain in the value of the land (excluding the timber crop) will be subject to CGT.

CGT would arise on the sale of land in two circumstances:

- When the Partnership sells a property there may be a taxable gain arising in the Partnership if the proceeds of this sale are not used to acquire other properties; or
- When a Limited Partner disposes of Limited Partnership Shares there may be a taxable gain arising (on the land element only).

A Limited Partner's annual CGT exemption may reduce or eliminate such liability.

Entrepreneurs' Relief may be applicable should a taxable gain arise. If Entrepreneurs' Relief applies the rate of tax payable is reduced to 10%, subject to a lifetime limit for disposals on or after 6 April 2008 of £10 million of taxable gains.

STAMP TAXES: LIMITED PARTNERS

Transfers

Stamp Duty Land Tax (SDLT), Land Transaction Tax (LTT) and Land and Buildings Transaction Tax (LBTT) do not apply to the transfer of Limited Partnership Shares unless the Limited Partnership is a "Property Investment Limited Partnership" or where certain anti-avoidance provisions apply. Neither of these circumstances should apply to this Partnership and thus no SDLT, LTT or LBTT obligations should arise in the event of a transfer of Limited Partnership Shares.

Admission of New Limited Partners

There is no SDLT, LTT or LBTT payable on the admission of new Limited Partners.

TAX RETURNS

The Manager will provide each Limited Partner with an annual taxable income statement, showing each Limited Partner's share of taxable income arising in that tax year. Each Limited Partner will be liable for any tax due on such income.

NATIONAL INSURANCE CONTRIBUTIONS

The Partnership is a business and Limited Partners are treated as self employed and will therefore be subject to self assessment by HMRC. Being self employed means that individual UK Limited Partners under the State Pension age may be subject to Class 2 and Class 4 NICs on their earnings arising from their interest in the Partnership. National Insurance rules are complex and Limited Partners may need to seek specialist advice in relation to these rules. If a Limited Partner is over the State Pension age there is no liability to pay NICs.

Limited Partners may opt to pay Class 2 NICs at a rate of £2.80 per week, even if no taxable profits are generated. In the event that the Partnership generates significant taxable profits, then Limited Partners may be liable to account for Class 4 and Class 2 NICs. It is the responsibility of Limited Partners to assess their own liability to NICs, and account for these to HMRC where due.

DISCLOSURES

The Manager and the General Partner are expressly authorised by each Limited Partner to:

- enter into, maintain or otherwise comply with any agreement as contemplated by any Tax Information Provisions and to enter into and maintain any registration in respect of any such Tax Information Provisions applicable to it;
- satisfy any information reporting requirements pursuant to any Tax Information Provisions, (including but not limited to personal data for the purpose of data protection legislation);
- satisfy any requirements necessary to avoid withholding taxes under any Tax Information Provisions with respect to any payments to be received or made by the General Partner and/or the Manager; and
- provide to any taxation authority or person making a payment to the Manager or the Company, any information where the Manager reasonably considers such disclosure to be necessary, desirable or advisable having regard to the interests of the Partnership, or where required by law, including, for the avoidance of doubt, to enable the Company or any person to receive any amounts free from, or subject to a reduced rate of tax, including withholding taxes, in connection with FATCA, any Tax Information Provisions and any other applicable legislation.

APPENDIX II - SUMMARY OF THE THIRD AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OBJECTIVES:

The LPA establishes the Objectives of the Partnership:

1. To acquire forests to generate a balance of income and capital returns through the ownership, development and operation of forest assets.
2. To target (from November 2017) an annual distribution of £55.00 per Limited Partnership Share increasing annually at a rate of 1% over the rate of inflation as measured by the increase in Consumer Price Index.
3. To manage the forest assets to seek to achieve a balance between income and capital growth, by restricting income in a time of falling timber or property prices but increasing income when timber or property prices are higher with the objective of maximising the overall return to Limited Partners.
4. To use gearing up to a maximum of 20% of Limited Partners Interests at any one time to provide working capital or to fund the purchase of Limited Partners' Interests.
5. To deploy cash surplus to the targeted distributions, working capital or to meet banking commitments into new forest assets acquired to meet the requirements of the Partnership.
6. To engage in such other activities as the General Partner deems necessary, advisable, convenient or incidental to the foregoing purposes.

COMMENCEMENT, DURATION AND TERM

The Partnership has a First Termination Date of 30 November 2033, at which date winding up will commence unless a majority of 75% by value of Limited Partnership Shares voting have voted for the Partnership to continue. If so, the Partnership will continue for a further period of four years to the Second Termination Date of 30 November 2037.

At 30 November 2037 winding up will commence unless a majority of 75% by value of Limited Partnership Shares voting have voted for the Partnership to continue for a further period of four years to the Final Termination Date of 30 November 2041. At this date the Partnership will be wound up.

ALLOCATION OF INCOME, GAINS AND DISTRIBUTIONS

The General Partner will instruct the Manager to make distributions in accordance with the Objectives, with the aim being to make the target annual distribution until the termination of the Partnership.

Net income or losses, capital gains or losses will be allocated among the Limited Partners in a manner consistent with that in which distributable cash is to be distributed between the Limited Partners. Where a Limited Partner is a Limited Partner for only part of the Accounting Period their entitlement shall be a proportion of the profits (or losses) which would have been allocated to them had they been a Limited Partner for the full Accounting Period.

LIMITED PARTNERS

Each Limited Partner who subscribes for Limited Partnership Shares will become a Limited Partner and will grant a Power of Attorney in favour of the General Partner to act as Attorney for specific purposes in relation to the LPA.

Each Limited Partner will be subject to the terms of the LPA. All decisions relating to the running of the Partnership will be made by the General Partner or Manager, subject to certain matters reserved for the vote of Limited Partners such as voting on the First and Second Termination Dates. Where decisions are to be made by Limited Partners it is on the basis of one vote per Limited Partnership Share.

Each Limited Partner's total liability in respect of the Partnership's debts and obligations is limited to an amount equal to their capital contribution.

In order to ensure that they do not lose the benefit of limited liability, Limited Partners must not participate in the management of the Partnership, transact in the Partnership's name, sign documents on behalf of, or otherwise bind the Partnership. The management of the Partnership is entrusted to the General Partner and the Manager.

New Limited Partners can be admitted to the Partnership subject to the terms of the LPA, as summarised in Section 6.

TRANSFERS OF LIMITED PARTNERSHIP SHARES AND SUBSTITUTE LIMITED PARTNERS

At the discretion of the General Partner, substitute Limited Partners can be admitted to the Partnership on the transfer of Limited Partnership Shares, in accordance with the provisions of the LPA.

When admitted they will assume the responsibilities, assets and liabilities of the Limited Partner substituted by the sale or transfer of the Interest in the Partnership.

A Limited Partner may sell their Limited Partnership Interest in whole or, in part subject to (i) the Transferor's remaining holding in the Partnership being not less than 20 Limited Partnership Shares of any class (except if their interest is nil) and (ii) each Transferee holding not less than 20 Limited Partnership Shares of any class.

The Manager undertakes to seek to arrange such transactions between buyers and sellers at mutually agreed prices.

A Limited Partner may assign for no consideration their Limited Partnership Shares in whole or in units of not less than 20 Limited Partnership Shares at any time, provided such assignation does not reduce their holding in the Partnership to less than 20 Limited Partnership Shares.

THE GENERAL PARTNER

The role of the General Partner is the running of the business of the Partnership and it is responsible for the management, control and operation of the Partnership and the determination of policy with respect to the Partnership. The General Partner is authorised to do anything it determines necessary for the purpose of the Partnership in accordance with the Objectives.

The General Partner will receive a profit share of £100 per annum.

The General Partner can be removed without cause on not less than 12 months prior notice subject to a resolution passed by 75% by value of Limited Partnership Shares voting.

The General Partner may be removed for cause by a resolution passed by a simple majority of over 50% by value of Limited Partnership Shares voting.

The General Partner can only transfer all or part of its Interest to an Affiliate, as defined in the Limited Partnership Agreement.

If the General Partner transfers its entire Interest the Transferee is automatically admitted to the Partnership as the replacement General Partner without further action or approval and without dissolution of the Partnership.

THE MANAGER

The General Partner appoints the Manager to:

- operate and manage the Partnership.
- enter into contracts on behalf of the General Partner and the Partnership.
- investigate and analyse potential acquisitions.
- acquire assets in line with the Objectives.
- manage the assets and the Partnership's business.
- implement disposals of assets.
- wind up the Partnership in accordance with the Limited Partnership Agreement as instructed by the General Partner.

ADVISORY COMMITTEE

The General Partner has established an Advisory Committee comprising of four members who are existing Limited Partners and are unaffiliated with the Manager. The Advisory Committee provides advisory services to the Partnership and takes no part in the control or management of the Partnership, nor does the Advisory Committee have the power to act on behalf of the Partnership or make any acquisition decisions for the Partnership.

The Advisory Committee is authorised to provide advice and counsel to the General Partner as requested, in particular on changes to the distribution methodology and any potential conflicts of interest.

The General Partner and the Manager or any of their Affiliates shall not be bound to act in accordance with the Advisory Committee's decisions, but must consider them. However, in relation to potential conflicts of interest the Manager must refer them to the Advisory Committee for their consideration and approval.

VALUATIONS

The General Partner shall arrange for all assets of the Partnership to be valued by an External Valuer on 30 November 2021 and every two years thereafter throughout the duration of the Partnership. In the intervening years the Manager will perform an Internal Valuation on 30 November. All Valuations will be conducted in accordance with the RICS Global Valuation Standards or the relevant RICS standards at the time.

AUDITS AND REPORTS

Limited Partners will receive annual audited accounts. The General Partner will prepare and issue an audited financial report to each Limited Partner within 90 days after the end of each Accounting Period. The General Partner will also issue an unaudited report within 90 days of the end of each intervening six month period.

Under the terms of their engagement the auditors will be responsible for assessing the appropriateness, application and disclosure of the Partnership's accounting policies and the reasonableness of significant accounting estimates and overall presentation of financial statements. The auditors' duties are owed to the Partnership.

They have a statutory responsibility to report to the Limited Partners of the Partnership in relation to the truth and fairness of the Partnership's state of affairs and profit or loss as well as confirming that the Partnership accounts have been prepared in accordance with the Limited Partnership Agreement. The auditor is also required to report by exception if there are certain matters on which it is not satisfied, including if adequate accounting records have not been kept by the Partnership or it has not received all the information and explanations that it requires in order to carry out its audit.

LIMITED PARTNER'S MEETING

The General Partner will arrange for the Partnership to hold an AGM of the Limited Partners. At the AGM the General Partner will review the performance of the Partnership. The AGM will be held within six months of the end of each Accounting Period of the Partnership. The General Partner will give the Limited Partners at least 20 business days written notice of the AGM. Each Limited Partner is permitted to appoint the General Partner as their proxy to vote on any resolution.

ALTERNATIVE INVESTMENT FUND MANAGEMENT DIRECTIVE (AIFMD)

This Directive regulating Alternative Investment Fund Managers (AIFM) was implemented in the UK on 22 July 2013. The regulations are designed to provide additional governance measures for Alternative Investment Funds (AIFs) such as the Partnership. These measures include the appointment of an independent provider of depositary services who provides both cash monitoring and asset verification services to the AIF.

IQ EQ Depositary Company (UK) Limited has been appointed as depositary for other AIFs managed by Gresham House and the General Partner has appointed IQ EQ as depositary for the Partnership. The Depositary's duties under the Depositary Agreement are owed to the Partnership and not directly to Limited Partners, whether individually or in groups. Under the Limited Partnership Agreement only the General Partner or the Manager is entitled to conduct the business of the Partnership, including bringing actions or making claims against the Depositary.

INDEMNITY

The General Partner, the Manager and their employees and agents, together with members of the Advisory Committee, are indemnified by the Partnership in respect of any claims arising out of their conduct in such capacities. Such indemnities do not apply in any cases where there has been fraud, wilful misconduct or bad faith and, in relation to the General Partner or the Manager, where there has been gross negligence, reckless disregard of obligations or material breach of the Limited Partnership Agreement, or a material violation of FSMA.

LEVERAGE

As at 8 June 2020 the Partnership has an outstanding loan of £20 million, representing a loan to value ratio of 12.8%. The loan facility is provided by Barclays Bank secured against Partnership assets. In accordance with the Limited Partnership Agreement, the Partnership may borrow up to a maximum of 20% of Net Asset Value.

VARIATION; AMENDMENTS TO INVESTMENT OBJECTIVES

In accordance with and subject to its terms, the Limited Partnership Agreement may generally be modified or amended at any time with the written consent of the General Partner and the approval of Limited Partners representing in excess of 50% of Limited Partnership Shares voting. Certain modifications or amendments, for example changes to the Partnership's investment objectives, strategy or policy, would require the approval of Limited Partners representing at least 75% of Limited Partnership Shares voting.

APPENDIX III - SUMMARY OF THE MANAGEMENT AGREEMENT

APPOINTMENT

Gresham House has been appointed as the Manager, who:

- Agrees to operate the Partnership, on a non-exclusive basis, including managing its assets; and
- Is authorised and regulated by the Financial Conduct Authority.

DURATION

The Management Agreement may be terminated in circumstances set out in Clause 20 of the Management Agreement, including on the removal of the General Partner for cause, under the provisions of the Limited Partnership Agreement.

DUTIES OF THE MANAGER

The Manager will:

- Carry out all tasks required to establish, operate and wind up the Partnership;
- Carry out any regulated activity prescribed by FSMA or applicable Financial Conduct Authority rules; and
- Have power and authority (acting as Agent) to act as the Manager judges appropriate regarding the operation of the Partnership in accordance with the Management Agreement and the LPA, and will:
 - Hold (or arrange a nominated solicitor to hold) all evidence of title (including deeds, documents, etc) to the assets of the Partnership.
 - Arrange for the audit of the Partnership's accounts and liaise with the auditors to prepare the annual accounts and tax returns of the Partnership.
 - Prepare budgets for the Partnership.
 - Prepare and circulate annual reports and accounts as per the LPA.
 - Arrange the Partnership's insurance.
 - Act on behalf of the Partnership in the sale process if the assets of the Partnership are sold.
 - Consult with the Advisory Committee.

MANAGEMENT OF THE PARTNERSHIP'S ASSETS

The Manager, in compliance with the Objectives, the Management Agreement and the Limited Partnership Agreement (as applicable), will:

- Have full responsibility for the management (on a full discretionary basis) of the assets of the Partnership including the timing and quantum of distributions;
- Use reasonable endeavours to identify commercial forestry for purchase by the Partnership (including negotiating purchase terms, documentation and due diligence);
- Implement the sale of timber from properties in which the Partnership has an interest; and
- Appoint suitable parties to carry out specified tasks.

ASSIGNMENT & DELEGATION

The Management Agreement cannot be assigned by either party without the consent of the other. The Manager may delegate some of its duties under the terms of the Management Agreement.

PROFESSIONAL LIABILITY RISK

The Manager maintains professional indemnity cover in amounts which comply with the rules of the FCA and that are reasonably commensurate with its duties as determined by Gresham House.

APPENDIX IV – EXTRACT OF GRESHAM HOUSE FOREST FUND I LP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2019

This extract is a summary of financial information from the audited accounts and may not allow for a full understanding of the Partnership's financial situation. The full audited accounts, the auditor's report and the Report of the Manager for the year to 30 November 2019 are available from Gresham House upon request.

	2019	2018
	£	£
Profit and Loss Account:		
Forestry income	7,001,510	7,092,682
Other operating income	99,838	99,492
Total turnover	7,101,348	7,192,174
Forestry expenditure	(1,802,003)	(2,008,223)
Administrative expenses	(892,538)	(931,171)
General Partner's share	(100)	(100)
Operating profit	4,406,707	4,252,680
Interest receivable	-	14,581
Interest payable	(299,822)	(139,984)
Profit on sale of property	(3,107)	-
Profit for the year available for division among Limited Partners	4,103,778	4,127,277
Statement of Comprehensive Income:		
Net profit for the year	4,103,778	4,127,277
Unrealised surplus on revaluation of properties	16,802,234	10,457,360
Revaluation adjustment on disposal	30	-
Total comprehensive income for the year	20,906,042	14,584,637
Balance Sheet:		
Fixed Assets	170,000,000	141,000,000
Net current assets	1,907,455	1,965,059
Creditors: amounts falling due after one year	(15,373,730)	(4,000,000)
Net assets attributable to Limited Partners	156,533,725	138,965,059
Limited Partners' capital	82,046,637	82,046,637
Revaluation reserve	60,381,139	43,577,876
Profit and loss account	14,105,949	13,340,546
Total	156,533,725	138,965,059

APPENDIX V - APPLICATION PROCEDURE

Limited Partnership Shares will be issued on a monthly basis, on the terms set out in the Limited Partnership Agreement and this Information Memorandum, commencing on 30 June 2020. For applications on which cleared funds have been received, allocation will be:

- From 30 June to 31 October 2020
- At £3,061 per Partnership Share
- Minimum subscription £91,830 (30 Partnership Shares)

The two year qualifying period for new Limited Partners for 100% relief of IHT will commence on the date that shares are allocated.

The anticipated target raise is £60 million. The Manager will consider increasing this if demand is greater, but subject to the availability of suitable investments at the time.

EARLY APPLICATION WILL:

- Commence a new Limited Partner's two year qualifying period for 100% IHT relief.
- Provide immediate 100% IHT relief for existing Limited Partners who are not materially increasing their relative share in the Partnership.
- Allow the Partnership to take advantage of acquisition opportunities that become available.
- Secure an allocation of "C" Partnership Shares.

The monies subscribed to the Partnership will be held with a UK clearing bank until acquisitions are made. Interest on cleared funds, pending deployment by the Partnership, accrues for the benefit of the Partnership.

Where applications for Limited Partnership Shares are submitted through an FCA authorised Financial Adviser, Gresham House may facilitate the payment of a fee to such Financial Adviser as requested and authorised by the applicant. Authorised Financial Advisers are responsible for ensuring that they promote the Partnership in compliance with the appropriate rules of the FCA.

MONEY LAUNDERING, TERRORIST FINANCING AND TRANSFER OF FUNDS (INFORMATION ON THE PAYER) REGULATIONS 2017 (MONEY LAUNDERING REGULATIONS 2017)

Gresham House is required to comply with the Money Laundering Regulations 2017, and also adheres to the guidance notes from the Joint Money Laundering Steering Group.

This means that Gresham House must verify the identity and place of residence of each prospective Limited Partner. Gresham House may also request that a Limited Partner informs Gresham House how any monies paid to the Partnership were obtained/accumulated. This process may require sight of certain documentation. If a Limited Partner provides false or inaccurate information or if Gresham House suspects fraud, money laundering or other criminal activities, Gresham House will take such actions it considers necessary to comply with its obligations under the Money Laundering Regulations 2017 and related guidance.

Gresham House will not accept an application for Limited Partnership Shares until its verification requirements have been satisfied. Gresham House shall not be responsible for, nor have any liability for loss or damage (whether actual or alleged) arising from any delay in processing and/or accepting an application for Limited Partnership Shares where identity verification is outstanding.

LAW

The promotion of the Partnership, application process, acceptance of applications and contracts resulting therefrom shall be governed by and construed in accordance with Scottish law and each party submits to the jurisdiction of Scottish Courts by signing the application documents set out in the Application Pack.

The Partnership is established in Scotland. The Scottish courts generally recognise judgments obtained in the courts of another jurisdiction (subject to, inter alia, the applicable legislation on the recognition of judgments, the rules of Scottish courts in relation to the recognition and/or enforcement of foreign judgments and such judgments not being contrary to public policy in Scotland). The exact rules on the recognition and enforcement of foreign judgments depend on the jurisdiction in which such judgments are obtained.



Gresham House Forest Fund I LP - Garwald Complex



Gresham House Forest Fund I LP - Fan Gihirych



Gresham House Forest Fund I LP - Nant Y Cerdin



Gresham House Forest Fund I LP - Hallmanor

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Gresham House Asset Management Limited is certified to the ISO 9001 standard
Gresham House Asset Management Limited is authorised and regulated by the Financial Conduct Authority

