



Since 1857

Gresham House

Specialist asset management

FIM SUSTAINABLE TIMBER & ENERGY LP

“D” ADDITIONAL LIMITED PARTNERSHIP SHARES

INFORMATION MEMORANDUM

ISSUE DATE: 26 SEPTEMBER 2018

IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE OR 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 INVESTMENTS OF THE KIND DESCRIBED IN THIS DOCUMENT

FIM

FIM is part of the Gresham House Group

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IMPORTANT INFORMATION FOR LIMITED PARTNERS

1. This Information Memorandum (IM) has been approved for the purposes of Section 21 of the Financial Services & Markets Act 2000 (FSMA) by FIM Services Limited (FIM), 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 FIM Sustainable Timber & Energy LP (the LP) will be committing funds to forest properties and renewable energy projects 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 LP 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 vehicle such as the LP 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 LP should carefully consider the risks and other factors associated with the LP, as set out in the section headed "Risk Factors" in Section 7 and also other sections.
4. In connection with the matters referred to in this document FIM is acting for the LP and for no one else. Accordingly, FIM will not be responsible to anyone other than the LP.
5. This document is not an approved prospectus for the purposes of section 85(1) of FSMA. A copy of this IM has not been, and will not be, reviewed by the Financial Conduct Authority (FCA) or the UK Listing Authority. FIM has notified the FCA of its intention to market this LP 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 & Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 or the categories of persons identified in rule 4.12 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 & Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001;
- persons that have completed the FIM 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 & 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 FIM, provide this document to their clients whom they have assessed as being suitable and appropriate to invest in the LP (Appropriate Clients) pursuant to an applicable exemption under the Financial Services & 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 a FSMA authorised person may not apply to invest in the LP.

8. The transmission of this document to any person in the UK other than a Relevant Person or Appropriate Client is unauthorised by FIM 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 LP, 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 LP for them should consult their own professional advisers concerning the acquisition, holding or disposal of interests in the LP.
11. Limited Partners will not have a right to cancel an agreement to subscribe for an interest in the LP.
12. The LP is a UCIS and the UK Financial Services Compensation Scheme is not generally applicable to claims relating to such vehicles. Limited Partners in the LP 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 FIM as Operator and Manager. Correspondence should be addressed to the Managing Director of FIM. If a Limited Partner is not satisfied with FIM'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. FIM 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 Limited Partnerships managed by FIM and Gresham House Asset Management Limited (GHAM). Past performance of these Limited Partnerships should not be interpreted as an indication of future performance of this LP. 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.
17. 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.
18. This document does not constitute, and may not be used for the purposes of, an offer of interests in the LP 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.
19. 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 LP, including obtaining any required governmental or other consent and adhering to any other formality prescribed in such territory.

FIM SUSTAINABLE TIMBER & ENERGY LP - ADVISERS

SPONSOR, OPERATOR AND MANAGER	FIM Services Limited 5 New Street Square London EC4A 3TW
GENERAL PARTNER	FIM Forest Funds General Partner Limited 5 New Street Square London EC4A 3TW
BANKERS	Clydesdale Bank plc 30 St Vincent Place Glasgow GL1 2HL Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP
SOLICITOR	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
AUDITOR AND TAX ADVISER	Critchleys LLP Beaver House 23-38 Hythe Bridge Street Oxford OX1 2EP
DEPOSITARY SERVICES	Argentius Depository Company Limited 2 London Bridge London SE1 9RA
FIM SUSTAINABLE TIMBER & ENERGY LP	Limited Partnership Number: SL7703

KEY ATTRIBUTES

Established, proven trading vehicle:	Formed in 2010, Net Asset Value (NAV) £159.4 million
Investment objectives:	<p>Balance between annual income and capital growth</p> <p>Delivered through a portfolio of:</p> <ul style="list-style-type: none"> ▪ 80% UK commercial forestry; and ▪ 20% UK renewable energy generating assets <p>Target IRR 7%</p>
Planned annual distributions:	Initial cash yield circa 2.1% (on issue price), with a first distribution on “D” Additional Limited Partnership Shares planned for May 2021
Strong performance to date:	Actual IRR 12%
Tax efficient structure:	<p>Target of 100% Inheritance Tax (IHT) relief (once held for two years)</p> <p>No liability to Income Tax on sale of timber or Capital Gains Tax (CGT) on an increase in the value of the crop</p>
Proven, low cost management:	<p>FIM has been operating similar vehicles for almost 40 years</p> <p>Ongoing Charges Figure (OCF): 0.6% per annum</p>
Defined exit strategy:	<p>Final Termination Date: 31 May 2033</p> <p>Continuation vote at First Termination Date: 31 May 2028</p> <p>In the interim, FIM's established and proven secondary share sale procedure could enable Limited Partners to realise their interests in the LP when so required</p>

ISSUE SUMMARY

Minimum subscription:	<p>£92,625 (3,750 “D” Additional Limited Partnership Shares at £24.70 per share)</p> <p>Partnership Shares will be allotted monthly</p>
Closing date:	21 December 2018

1. LP EXPANSION: THE OPPORTUNITY

The Limited Partners have approved a significant expansion of the business, to take advantage of investment opportunities identified by the Manager. Based on raising £50 million (after fees and costs), the Manager has provisionally allocated funds as outlined in the table below.

The core portfolio (circa 80%) is UK commercial forestry, providing tax free income from timber harvesting. Forestry has been an excellent investment, and the Manager expects it to continue to be so as global demand for timber increases and ever greater constraints are placed on relatively finite supplies. In the short term, the Manager has identified that recent rises in UK timber prices are yet to be reflected in plantation values, offering an immediate opportunity to acquire forests at favourable valuations.

The LP also has a holding (circa 18%) in UK renewable energy generating assets, in onshore wind farms and ground mounted solar parks. Circa 50% of revenue from these assets is index-linked to RPI, providing a high degree of protection from inflation. Regular distributions assist in:

- Providing income to meet the LP's stated objective of making annual, index-linked distributions; and
- Allowing the Manager flexibility in planning timber harvesting to be opportunistic when market prices are considered to be favourable, whilst retaining timber on the stump to add both volume and value, in the expectation of higher prices at the time of harvesting.

The Manager considers that UK electricity prices may increase faster than current market expectations due to the speed of electrification (specifically in rail and cars) which is being encouraged by the UK Government and being enthusiastically endorsed by both industry and consumers in the drive to reduce carbon emissions. As investors seek alternative assets which provide long term index-linked cash flows within a low interest rate environment, the Manager expects that continued demand for renewable energy assets should result in asset prices increasing, and believes that additions to the LP's renewable energy portfolio will enhance returns to Limited Partners.

Ahead of this fund raise, the Manager has taken advantage of these opportunities by acquiring two forests for £12.8 million, funded by a short term bank loan and has committed a further £10.8 million to forest acquisitions, is in active negotiations to invest in two wind farms and has reserved an allocation to invest in FIM Solar Distribution LLP.

Furthermore, the Manager is of the opinion that a larger fund provides:

- Greater operational efficiency in managing an expanded portfolio to achieve the stated objective of obtaining a balance between capital growth and income;
- Economies of scale, spreading fixed overheads over a larger capital base and providing greater purchasing power in operational activities; and
- Enhanced liquidity through an expanded shareholder base.

	Asset allocation at 31 May 2018		Allocation of new funds	Target asset allocation post fund raise	
	£m	%	£m	£m	%
Forestry	127.6	80.1	+37.6	165.2	78.9
Ground mounted solar parks	16.6	10.4	+4.3	20.9	10.0
Onshore wind farms	12.8	8.0	+8.1	20.9	10.0
Working capital and cash	2.4	1.5	-	2.4	1.1
Net Assets	159.4	100.0	50.0	209.4	100.0

2. THE BUSINESS

The LP seeks to deliver an IRR of 7% through a mixed portfolio of forestry and renewable energy generating assets.

The portfolio is designed to combine two highly complementary asset classes, namely capital appreciating forests and income generating renewable energy assets.

The strategy is to service as much of the planned distribution as possible from the income generating solar and wind assets, allowing value to remain on the stump in the forests for as long as possible in order to capitalise on the rise in timber prices expected by the Manager.

The characteristics and outlook for each of the asset classes is explored in detail below.

2.1 FORESTRY

The main driver for the consumption of sawn softwood is the construction sector, in particular house building and renovation, which creates demand for a wide range of timber products, from high value sawlogs, engineered wood products, furniture, fencing and decking.

The Manager expects increased consumption, at a time when ever greater constraints are placed on traditional sources of supply, driving timber prices higher, resulting in both greater revenue from harvesting timber and also higher land values as the land becomes more financially productive. These two factors combined drive plantation values higher.

Forest owners benefit from biological growth, which provides stable and predictable returns based on constant timber prices. The UK's maritime climate is ideally suited to growing Sitka spruce, the UK's principal commercial tree species, with growth rates amongst the fastest in Europe. Annual growth increases both the volume and the unit value of the timber, as the trees grow to larger, more valuable dimensions.

Details are set out in the Manager's paper, UK Forestry: Investment Fundamentals available on the Manager's website (<https://fimltd.co.uk>) or by following the link below:

[UK Forestry: Investment Fundamentals](#)

In 2016 the UK imported 82% of its total timber requirements. As a result, global markets will continue to be highly relevant to UK forest owners. The UK will continue to be a major importer of timber and timber products, and therefore UK prices are directly impacted by global prices.

In the Manager's opinion, demand for timber will be driven higher by:

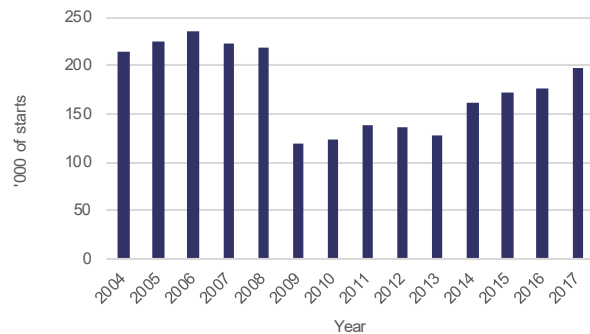
- Increased demand for housing in the developed world;
- Rising consumption per capita in the developing world;
- Increasing use of wood in construction; and
- Development of new timber markets.

Increased demand for housing in the developed world

An increase in the number of housing starts will see an increase in the demand for timber products.

Housing starts in the UK are well below the government's target of 300,000 per annum. In 2017, starts were only 197,290. There is considerable political pressure to increase the housing stock, which is positive for timber prices.

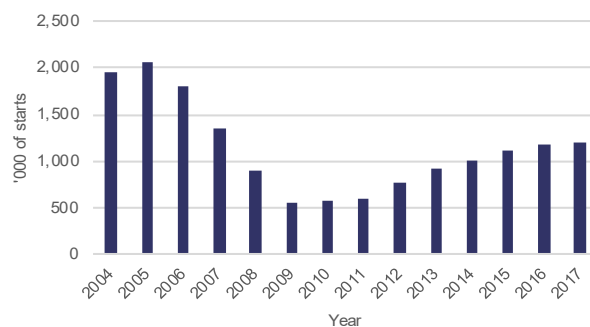
UK Housing Starts 2004-2017



Source: Housing Statistics, UK Government

In the US, the second largest global market for timber, house starts in 2017 were 1.2 million, still some 42% below the peak in 2005.

US Housing Starts 2004-2017

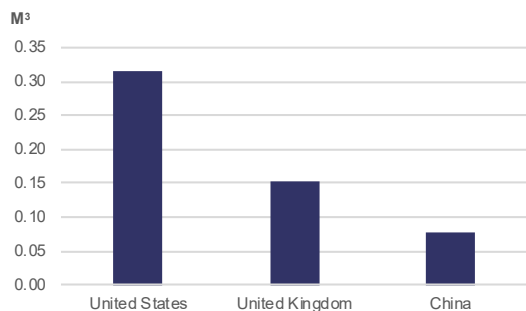


Source: US Census Bureau

Rising consumption per capita in the developing world

A similar increase in demand is occurring in the developing world, which will have an increasing impact on global demand. Consumption of sawnwood per capita per annum in the developing world is currently at very low levels in comparison to the developed world. For example, in the US annual consumption is 0.32 cubic metres per capita, four times as great as China's 0.08 cubic metres.

Sawnwood Consumption (m³) per Capita in 2016



Source: FAO Forest Products Statistics 2016, UN Data

China's imports of sawnwood in 2017 increased by 18% over the previous year. The Manager believes that the main factors influencing the increase in consumption are the rising population and the growth in GDP which has fuelled migration to the conurbations with a resultant increase in the demand for housing.

Consumption of sawnwood per capita in India is nominal. Expectations are that demand will increase for the same reasons as China, which is likely to fuel a further significant rise in global consumption of timber.

Increasing use of wood in construction

There is an increase in the use of wood in housing for two reasons:

- The drive to reduce the carbon footprint of new housebuilding. Building with timber frame housing is a means of reducing the carbon intensity of new build against traditional building methods of bricks and mortar; and
- Timber frame housing can be prefabricated in factories and constructed to better tolerances than traditional build and can be erected in a shorter timeframe.

Timber frame housing uses circa two and a half times more timber than a traditional build. The Structural Timber Association predicts that timber frame will increase its market share of new build from 28% in 2016 to 34% by the end of 2020.

Additionally, new 'engineered' wood products are being used as substitutes for building materials typically used in the construction industry. Cross Laminated Timber (CLT) is used in high rise developments, replacing the need for carbon intensive materials such as concrete or steel.

CLT framed buildings have already been constructed at up to ten storeys in the UK, such as Dalston Works in London (consisting of 121 residential flats and over 5,000 square metres of commercial and retail space), with plans in place to erect a 70-storey building in Tokyo.

Development of new timber markets

To date, the main new market for timber, which has only appeared over the past five years, has been the manufacturer of pellets for their use in biomass energy generation in line with governments' requirements around the world to combat climate change.

The pellet industry has quickly become established as a major timber user, creating substantial new demand. Global wood pellet demand in 2016 was 28.6 million tonnes and is expected to reach 52 million tonnes by 2025, with much of the increase in demand from South Korea and Japan.

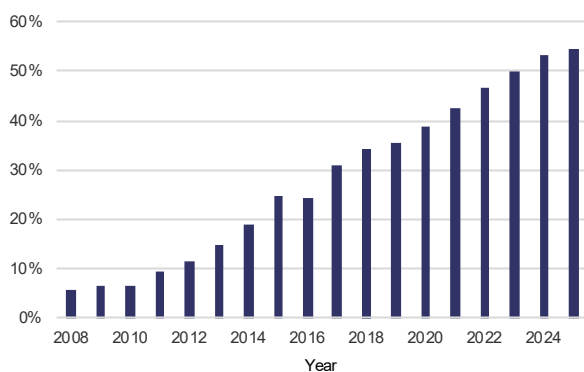
2.2 RENEWABLES

Renewables now form an integral part of the global electricity generating capacity. Rapid improvements in technology, demand management, battery storage and smart meters have seen renewables advance to the stage where on a levelised cost of capital they are competitive with traditional sources of generation.

In essence, renewables have become a valuable source of stable, utility style income in the form of a cash flow over circa 25 to 30 years with zero capital value at the end of the term. The LP owns two well proven, low risk technologies, onshore wind and ground mounted solar providing the LP with high cash on equity yields to assist in financing annual distributions to Limited Partners.

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

Renewables as % of UK Energy Generation



Source: UK Government, Department for Business, Energy and Industrial Strategy

The Manager considers it is an opportune time to increase the investment in renewables to 20% of NAV (currently 18.4%), with a balance of 50/50 between onshore wind and ground mounted solar.

- As the technologies become accepted as mainstream, the Manager expects that the market will apply a lower discount rate to forecast cash flows, driving capital values of the assets higher;
- Revenue streams may increase as power prices rise faster than current market predictions due to geopolitical pressures forcing the price of a major competitive feedstock, gas, higher and creating greater volatility, combined with a global drive to electrification in everything from heating to transport; and
- Battery storage is becoming increasingly prevalent. This technology helps balance power supply and demand on the National Grid, which increases returns to renewable generators as it will reduce periods of low power prices when production is high but demand is low.

The target allocation of 20% of the LP's NAV to renewables provides:

- a high cash yield from a stable revenue source where circa 50% of revenue from renewable generating assets is index-linked to RPI in the form of renewable energy subsidies and circa 50% is derived from the sale of electricity in the wholesale market, the price of which is expected to rise; and
- an appropriate balance between higher yielding but more volatile onshore wind and a lower return from solar, but with lower volatility in output.

The regular cash generated from renewable generating assets assists in securing the target level of annual distributions, allowing the Manager greater flexibility in timing timber sales opportunistically to secure advantageous timber prices. This in turn allows more timber to remain growing on the stump, adding both volume and value.

Further details of the merits of both technologies are set out in the Manager's papers, available on the Manager's website (<https://www.fimltd.co.uk>) or by following the links below:

[UK Wind: Investment Fundamentals](#)

[UK Solar: Investment Fundamentals](#)

3. THE MANAGER

3.1 FIM SERVICES LIMITED, PART OF THE GRESHAM HOUSE GROUP

FIM was established in 1979. The LP will capitalise on FIM's 39 years' experience of acquiring and managing forests and renewable energy generating assets including their construction.

FIM is authorised and regulated by the FCA as an Alternative Investment Fund Manager (AIFM) and is certified to ISO 9001, ensuring robust operating procedures and effective corporate governance.

Since May 2018, FIM has been part of the Gresham House group (GH). Gresham House plc is an AIM listed specialist alternative asset manager with over £1.6 billion of assets under management across forestry, energy, housing and infrastructure, private assets and private equity.

FIM and GH manage:

- £920 million in over 100,000 hectares (nearly 250,000 acres) of high grade commercial forestry assets via direct investments, managed accounts and four large scale unlisted limited partnerships with a discretionary investment mandate. With combined net assets of circa £387 million, all limited partnerships apart from this LP are closed for new subscription and are fully invested.
- £340 million of renewable assets across solar, wind and energy storage systems with a similar mix of clients.

FIM's three unlisted forestry limited partnerships with a discretionary investment mandate are included in the table below.

	Inception date	Actual IRR*	Target IRR	Current NAV
FIM Forest Fund I LP	2008	11.4%	7.0%	**£128m
FIM Sustainable Timber & Energy LP	2010	12.0%	7.0%	£159m
FIM Timberland LP	2015	n/a	7.0%	**£80m

*Actual IRR is stated pre-tax but net of all costs, including fundraising costs, costs of acquiring properties and fund management, but prior to any carried interest which may become payable in due course.

To date both FIM Forest Fund I LP and the LP have provided returns in excess of their target IRR. FIM Timberland LP has not yet published performance data, having been recently established.

GH manages the fourth unlisted forestry limited partnership with a discretionary investment mandate. Gresham House Forestry Fund LP was formed in 2016, has a current NAV of £20 million, and has not published performance data having also been recently established.

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 distribution arising from it may go down as well as up and Limited Partners may not recoup the full amount subscribed.

**The current NAV of both FIM Forest Fund I LP and FIM Timberland LP presented above was obtained from the latest unaudited management accounts at 31 May and 31 July 2018 respectively.

3.2 MANAGEMENT SERVICES

FIM's long established and proven expertise covers all aspects of the management of the LP and its businesses, from acquisition of investments, through long term asset stewardship to realisation.

Forestry

FIM provides a forestry asset management service independent of woodland managers and timber buyers, so there are no conflicts of interest in relation to forest management and harvesting activities.

Renewable Energy

FIM provides a full management service for its renewable energy generating assets, encompassing the asset management of wind farms and solar parks.

3.3 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 LP, its economic, legal and tax characteristics and relevant risk factors prior to subscription;
- To operate the LP in accordance with robust governance procedures which include Advisory Committee provisions in the Limited Partnership Agreement (LPA), by which the Advisory Committee provides advice and counsel on matters such as potential conflicts of interest, and the Manager's Conflict of Interest Policy, referred to in section 3.4;
- To provide clear and full reporting to Limited Partners during the operation of the LP to enable Limited Partners to make informed decisions in relation to their interest in the LP;
- To ensure that any Additional Partnership Shares are issued at an appropriate premium to the LP's NAV, which is designed to ensure that existing Limited Partners should not suffer any dilution in the value of their holdings as a result of a fund raising; and
- To ensure that any fee rebates for large subscriptions by Limited Partners are clearly stated and applied consistently to all Limited Partners.

3.4 MANAGER'S CONFLICT OF INTEREST STATEMENT

FIM consider the identification and management of conflicts of interest to be of paramount importance to its clients.

FIM's Conflict of Interest Policy, together with the provisions of the Investment Management Agreement (IMA) and LPA, requires the identification and effective management of any potential conflict of interest.

Any potential conflict of interest identified which could adversely impact the LP will be brought to the attention of the Advisory Committee, together with full disclosure on how FIM 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.

In accordance with the terms of the LPA, the Advisory Committee has approved FIM's Conflicts of Interest Statement setting out FIM's procedures to identify and mitigate any potential conflicts of interest relating to the issue of "D" Additional Limited Partnership Shares.

4. THE PORTFOLIO

4.1 PERFORMANCE TO DATE

The LP has an established portfolio structured to meet its stated investment objectives of providing regular annual inflation linked distributions whilst maintaining a balance between income and capital growth, with circa 80% allocated to forestry and circa 20% to renewable energy generating assets.

Performance from inception in 2010 to date has been excellent. The blended IRR to all Limited Partners to 31 May 2018 is 12.0%, substantially in excess of the Manager's stated target IRR for the LP of 7.0%. The LP has to date paid all annual distributions as planned, with an average annual yield of circa 2.5% of capital value. The balance of the return has arisen through capital growth in the value of the underlying assets.

Past performance should not be interpreted as an indication of future performance. There is no guarantee that the objectives of the LP will be achieved. 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.

4.2 FORESTRY PORTFOLIO 80.1% NET ASSETS: £127.6 MILLION

The LP benefits from a large scale portfolio of high quality commercial forests with good access to timber markets.

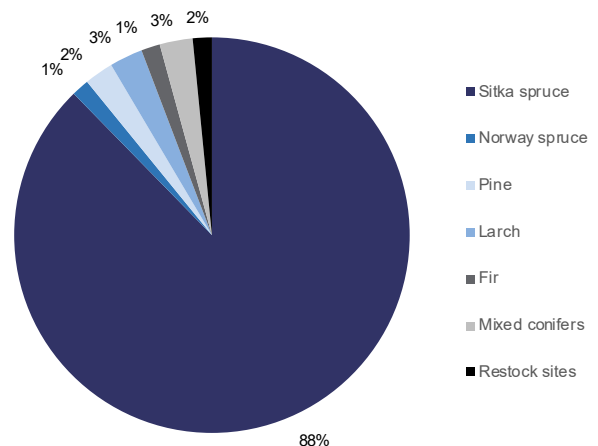
Since 31 May 2018, two forests have been added to the portfolio financed by a £12 million short term loan facility (£11.2 million drawn down to date). The portfolio now comprises 61 forests totalling 15,691 hectares (38,757 acres), providing diversification of both geographical locations and age class, thus reducing investment risk.

The locations of the LP's 61 forestry properties are shown below.



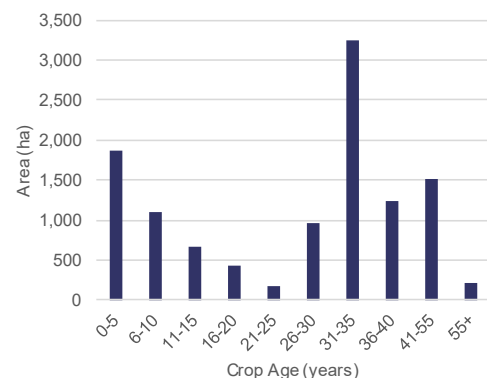
Within the portfolio, 11,596 hectares are classified as commercial crop, currently comprising 88% Sitka spruce (the UK's most productive species), 10% of secondary commercial conifer species and 2% of land which has recently been harvested and is awaiting restocking.

Commercial Crop Area: 11,596 hectares



The portfolio consists of 11,415 hectares of conifer species, of which 6,214 hectares are over 30 years old and 1,722 hectares are over 40 years old.

Conifer Species by Age: 11,415 hectares



The mature crop provides the LP with significant flexibility to generate tax free revenue from timber harvesting as required. The portfolio benefits from good age class diversification, with felled areas being replanted with improved stock carefully selected to enhance productivity and value on the next rotation over traditional, standard planting material.

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

4.3 RENEWABLE ENERGY PORTFOLIO 18.4% NET ASSETS: £29.4 MILLION

The LP's renewable energy portfolio comprises a balance of onshore wind and ground mounted solar assets:

	LP's interest		% net assets
	%	£m	
Onshore Wind Farms			
FIM Windfarms 2 LP	58.4	11.4	7.2
FIM Wind Energy LP	5.5	1.4	0.8
Ground Mounted Solar Parks			
FIM Solar Distribution LLP	45.2	16.6	10.4
Total		29.4	18.4

ONSHORE WIND FARMS

The LP's interests in onshore wind farms are in two entities:

FIM WINDFARMS 2 LP INTEREST 58.4%: VALUE £11.4 MILLION

This entity has an interest in three operating wind farms.

Site	Location	Capacity (MW)	Budget annual output (MWh)
Mynydd Portref	South Wales	9.35	19,020
Wathegar*	Caithness	10.25	31,756
Torrance	North Lanarkshire	9.00	23,454
Total		28.60	74,230

*FIM Windfarms 2 LP's interest is 50%

FIM WIND ENERGY LP INTEREST 5.5%: VALUE £1.4 MILLION

The LP has invested with two Local Authority Pension Funds and individual investors in this entity, to take a 50% interest in LDV Harburnhead Holdings Limited, which has financed the construction of the Harburnhead Wind Farm. The other 50% interest in LDV Harburnhead Holdings Limited has been retained by the original developers in a 50/50 joint venture.

Site	Location	Capacity (MW)	Budget annual output (MWh)
Harburnhead*	West Lothian	51.7	139,000

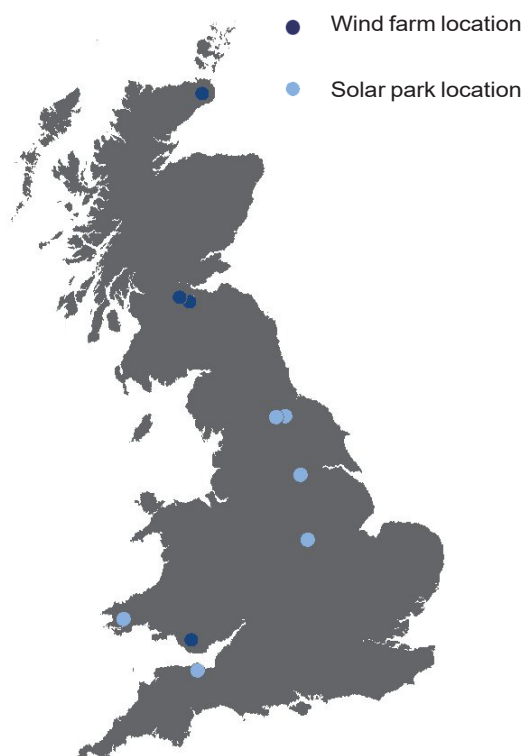
*FIM Wind Energy LP's interest is 50%

GROUND MOUNTED SOLAR PARKS

The LP's solar interests are held via FIM Solar Distribution LLP which owns and operates six large scale ground mounted solar parks.

Site	Location	Capacity (MW)	Budget annual output (MWh)
Wymeswold	Leicestershire	4.28	3,900
Stripe	Yorkshire	4.98	4,700
East Appleton	Yorkshire	4.98	4,700
Askern	Yorkshire	4.97	4,600
Higher Bye	Devon	6.79	6,700
Oak Cottage	Pembrokeshire	4.87	4,700
Total		30.87	29,300

The locations of the renewable energy generating assets are shown below.



4.4 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY STATEMENT

Forestry

All forests are managed by qualified, experienced forest managers, known to and selected by FIM.

The LP's forests are certified to Forest Stewardship Council's (FSC) approved standards when harvesting commences and are 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 forest to the end use, providing evidence that it is both legal and sustainable.

Renewables

Renewable energy generating assets are managed in accordance with industry standards. The Manager employs Operations & Maintenance service providers to provide a range of services to ensure that the LP's renewable energy assets are managed to set operating procedures, with the Manager providing effective corporate oversight and governance.

4.5 RISK MANAGEMENT

The LP maintains appropriate insurance cover in line with industry standards.

Forestry

FIM arranges and administers a growing timber insurance policy. The Manager generally insures all crops for fire damage until 36 years of age and commercial crops between 21 and 36 years of age against wind blow. From 36 years of age upwards commercial crops are generally not insured as the timber should be salvageable 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 timber 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.

Renewables

The Manager arranges and administers insurance for the renewable energy generating assets, which includes primarily product and public liability cover. Product liability covers faults, damage, theft and business interruption. Public liability cover of £10 million on each site is included.

5. THE LIMITED PARTNERSHIP

5.1 STRUCTURE

The LP is a tax transparent Scottish Limited Partnership. The structure significantly increases the return in comparison with a corporate vehicle, as circa 80% of the return from Limited Partnership Shares will be tax free, arising from the trade of commercial woodlands.

Each Limited Partner's total liability in respect of the LP will be limited to an amount equal to that Limited Partner's capital contribution.

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

The capital of the LP is currently divided into Founder Limited Partnership Shares and Additional Limited Partnership Shares with a nominal value of £10.00 each, as set out below.

Any further issue of Limited Partnership Shares (beyond "D" Additional Limited 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.

A summary of the LPA is set out in Appendix II.

5.2 THE ISSUE

"D" Additional Limited Partnership Shares are to be issued at a price of £24.70 per share, being a premium of 11% to the NAV of £22.25 per share as stated in the audited accounts as at 31 May 2018.

The premium is to cover the estimated costs of 8.3% of raising and investing funds, expenses capped at £50,000 and an element of goodwill of 2.7% to reflect the value inherent in the established portfolio and the perceived growth in NAV since 31 May 2018.

"D" Additional Limited Partnership Shares will be issued on the last business day of each month subject to a minimum subscription of 3,750 shares (£92,625). This minimum applies to existing and new Limited Partners.

The Closing Date for this issue is 21 December 2018. The Manager has discretion to extend this to a Final Closing Date of 31 March 2019.

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

LIMITED PARTNERSHIP SHARES					
ISSUE SUMMARY					
Share class	Issue date	Issue price	Number issued	Sum raised	First distribution date
Founder	May - August 2010	£10.00	2,543,740	£25,437,410	June 2011
"A" Additional	August - October 2010	£11.50	1,161,952	£13,361,760	June 2012
"B" Additional	August 2011 - February 2012	£13.08	1,540,730	£20,152,748	June 2013
"C" Additional	March - November 2014	£17.42	1,873,915	£32,643,599	June 2016
Founder	November 2016	£Nil	44,535	£Nil	May 2017
Available under current offer:			7,164,872		
"D" Additional	September - December 2018	£24.70	2,024,292	£50,000,012	May 2021
			9,189,164		

5.3 DISTRIBUTIONS

The Manager plans to make annual index-linked distributions to Limited Partners.

The next target distribution in May 2019 is £0.52 per Limited Partnership Share (excluding the “D” Additional Limited Partnership Shares) increasing annually by CPI + 1.0% each year thereafter to provide inflation protected distributions.

The majority of the income from the LP arises from the LP’s commercial woodlands trade which is income tax free. The balance arises from the rental income and income generated from wind farms and solar parks which is taxable.

The payment of distributions will depend on the level of timber harvesting and the production and sale of electricity from the renewable energy generating assets.

“D” Additional Limited Partnership Shares issued under the terms of this IM will first qualify for a distribution due to be paid in May 2021, in relation to earnings in the 2020/21 year. This is to allow time for the funds raised to be deployed into income producing assets.

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 invest on the basis that distributions will be made at the target level or on the basis that distributions will be made annually, or indeed at all. Whether or not there is a distribution, and/or the amount of any such distribution will depend on the level of timber harvesting carried out by the LP and distributions received from the renewable portfolio.

5.4 LIQUIDITY

The Manager operates the LP 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 LP to establish one, it may be difficult for a Limited Partner to sell their interest in the LP.

Liquidity in the LP is facilitated by arranging deals between vendors and purchasers.

FIM undertakes to seek to arrange deals between vendors and 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.

A Limited Partner may sell an interest in the LP in whole or in part, with any retained holding being subject to the minimum holding of 2,500 Limited Partnership Shares.

Between May 2016 and August 2018, transactions of secondary shares in the LP totalled £4.2 million. To date, all shares marketed have been sold at an average weighted premium to the NAV established at the previous Balance Sheet date of 16%, with an average completion time of 31 days.

A fee applies for arranging such deals (See Section 6.6).

5.5 SET TERMINATION DATES

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

- First Termination Date: 31 May 2028, 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 LP to continue for a further period of five years.
- Final Termination Date: 31 May 2033.

At the Final Termination Date, the Manager envisages giving Limited Partners the opportunity to roll the assets into a similar vehicle, thereby retaining the IHT relief. If this option is rejected by Limited Partners, the alternative would be an orderly disposal of the assets, with the objective of maximising value to Limited Partners.

5.6 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 2,500 Limited Partnership Shares.
- Each transferee holding a minimum of 2,500 Limited Partnership Shares.

A fee applies to such transfers (See Section 6.6).

5.7 FINANCIAL STATEMENTS

The LP's accounting year end is 31 May. An extract of the financial statements for the year ending 31 May 2018 is included in Appendix IV.

For each accounting year 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 LP within six months of the end of each accounting year.

5.8 ANNUAL VALUATION

Independent market valuations of the LP's portfolio will be undertaken by an External Valuer on each External Valuation Date, the next being 31 May 2021 and every three years thereafter for the duration of the LP.

In the intervening years, the next being 31 May 2019, FIM as Internal Valuer will provide an opinion of value of the LP's portfolio as at 31 May which will be incorporated in the audited accounts. As Internal Valuer, FIM'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.

5.9 CASH

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

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

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

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

5.10 GEARING

Under the LPA, gearing is limited to 20% of NAV as at the date of the gearing being employed.

The Manager defines gearing as borrowing incurred by the LP for the following purposes:

- The value of equity invested by the LP in renewable energy generating assets or any special purpose vehicle but excludes any debt in such a vehicle where such debt is ring fenced as non-recourse borrowing to both the LP and its Limited Partners, such that the LP's exposure is limited to the equity invested;
- To permit the LP to acquire additional assets when the General Partner, on advice from the Manager, considers it advantageous;
- To provide working capital for the LP; or
- To provide liquidity for Limited Partners who wish to retire from the LP where the Manager considers this likely to add value to the remaining Limited Partners.

Gearing in the LP is currently 15.9% (£27.3 million) of NAV, calculated using the LP's NAV as at 31 May 2018 plus the purchase price of the two forests acquired subsequently. It comprises:

- A Term Loan of which £11.2 million has been drawn down to date to acquire the two forests; and
- Equity at risk on renewable energy generating assets, as defined above, of £16.1 million.

The security provided over the Term Loan is a standard fixed charge over five of the LP's forests valued at circa £24 million in favour of Barclays Bank plc. There is no recourse to individual Limited Partners.

5.11 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 20 July 2018.
- Amended and Restated Investment Management Agreement between the LP and FIM Services Limited dated 20 July 2018.
- Report and Financial Statements for the year to 31 May 2018.

6. FEES, CHARGES AND ISSUE EXPENSES

6.1 INTRODUCTION

The Manager seeks to raise circa £50 million under this Issue.

All funds raised, net of fund promotion and issue expenses, will be available to repay the loan facility and surplus funds thereafter used to acquire UK commercial forests and renewable energy generating assets.

6.2 PROMOTION FEE AND ISSUE EXPENSES

FIM will receive a fee of 2.0% of the funds subscribed, for marketing the LP and raising equity.

The Manager will offer a rebate on a progressive scale, relative to the amount subscribed, as follows:

- Sum subscribed up to £999,999 – no rebate;
- Sum subscribed between £1 million and £1,999,999.99 – FIM will rebate 0.5% to the Investor of the amount invested between £1 million and £1,999,999.99;
- Sum subscribed £2 million and above – FIM will rebate 1.0% to the Investor of the amount invested over £2 million plus the rebate of 0.5% on the amount invested between £1 million and £1,999,999.99.

As an example, an investor investing £3 million would receive no rebate on the first £999,999, a 0.5% rebate on the next £1 million and a 1.0% rebate on the excess above £2 million, providing a total rebate of £15,000.

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

The LP will meet all costs in connection with this Issue, capped at £50,000 for the issue of “D” Additional Limited Partnership Shares. Any costs over and above this amount will be met by the Manager.

6.3 ACQUISITION FEE

A fee of 2.0% of capital deployed or redeployed by the LP is payable to FIM on completion of an acquisition of an asset by the LP, to cover the identification, negotiation, due diligence, acquisition and completion of the purchase of the asset.

6.4 SALES FEES

A fee of 2.0% of the sale proceeds is payable to the Manager on a sale of timber from the LP’s forestry estate, payable on the completion of any such sale.

A fee of 2.0% of the equity sale proceeds, net of debt repayments, is payable to the Manager on a sale of the LP or any of the LP’s renewable energy assets, payable on the completion of any such sale.

6.5 ONGOING CHARGES FIGURE

The Ongoing Charges Figure (OCF) includes all recurring expenditure incurred by the LP, being all management charges, legal and professional fees arising at the LP level, General Partner fees and other recurring overheads (audit etc). This is calculated as a percentage of the simple average of the opening and closing NAV of the LP.

The OCF is estimated to be 0.6% in 2018/19. It excludes any non-recurring expenditure including transaction fees due on the acquisition and disposal of investments and one off fees to the Manager arising from renewable energy options and leases.

The OCF includes the following fees payable to the Manager:

Annual Management Fee (AMF)

The AMF is payable quarterly in arrears, calculated as:

- 0.5% of the total NAV as determined at the External Valuation Date of 31 May 2018:

Less:

The value ascribed to wind farm leases with developers where FIM receives or will receive an additional income fee (see ii below) from the LP’s wind farm rental income; and

The value of the LP’s investments in its renewable energy generating assets where FIM receives an annual management fee from the special purpose vehicle holding such assets (see iii below).

Plus:

The capital subscribed in the LP after the External Valuation Date less the fund promotion and issue expenses applicable, pro-rated for the number of months the capital has been subscribed.

The AMF will be rebased at each subsequent External Valuation Date using the methodology above.

Between External Valuation Dates the AMF will be increased annually in arrears in line with CPI + 1.0%.

- ii. 7.5% of the income or capital receipts from an option for lease or lease with developers of renewable energy projects.
- iii. 2.0% of gross revenue on the LP's interests in its renewable energy generating assets.

The Manager also receives a commission for the administration of insurance direct from the broker.

Expenses and Overheads

The LP will pay for all of its direct annual overheads, including audit fees, legal and professional advice and depositary services. These are estimated to be £87,000 in 2018/19.

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

6.6 LIMITED PARTNERS

The Manager is entitled to be paid the following fees directly by Limited Partners:

Fee on Sale of Limited Partnership Shares

When FIM arranges a sale of Limited Partnership Shares in the LP between a vendor and a purchaser, FIM shall be entitled to (i) a fee from the vendor of 3.0% plus VAT of the sale price, and (ii) a fee from the purchaser of 3.0% (1.5% for existing Limited Partners) plus VAT of the sale price.

Fee on Transfer (without consideration) of Limited Partnership Shares

A processing fee of £251 plus VAT (payable by the transferor unless the transferee has agreed to pay it in place of the transferor) is index-linked to CPI + 1.0% on each transfer of Limited Partnership Shares in the LP.

6.7 PERFORMANCE PROFIT SHARE

The Special Limited Partner is entitled to a performance fee.

Under the LPA, distributions will first be made to Limited Partners until such time that cumulative distributions to Limited Partners produce an IRR equal to a preferred return of 7.0% on their respective contributions. Thereafter distributions will be paid as to:

- 85% to Limited Partners; and
- 15% to the Special Limited Partner (FIM Executives Limited Partnership).

The Special Limited Partner carried interest is currently valued at £3.8 million. It is not included on the Balance Sheet as a long term liability as it will only crystallise on termination of the LP and is thus not yet quantifiable.

7. RISK FACTORS

Limited Partners in the LP must consider the potential risks of this investment, which include, but are not limited to the following:

- Limited Partners should be aware that the taxation treatment of the LP and/or of its investments could change in the future. Information regarding taxation is based upon current UK taxation legislation and HMRC 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 HMRC practices, may affect the value of a holding in the LP and returns to Limited Partners.
- An Interest in the LP will generally be illiquid. It is not anticipated that a public market for Interests in the LP will develop. A Limited Partner may not be able to sell their Interest at a reasonable 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 LP or the extent of the risks to which such a holding is exposed. There is no guarantee that the valuations given annually 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 invested.
- The LP is an unregulated collective investment scheme and the UK Financial Services Compensation Scheme is not generally applicable to claims relating to such investments. Limited Partners in the LP 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 investment in the LP.
- The LP is a long-term investment. It is not suitable as a short-term investment and Limited Partners should take independent professional advice on their personal circumstances.
- The directors or employees of the Manager who are responsible for decision making and strategy may change from time to time.
- The LP has invested in forestry properties and insures against the main risks of damage to crops such as fire and wind blow. However, uninsured events such as pests and diseases could affect the value of the LP's portfolio if they occur.
- Anticipated timber volumes may fail to materialise due to damage caused by wind blow, pests, disease or other factors which slow the growth of the timber and/or affect the price of the timber.
- Timber prices and/or electricity prices may fall reducing the return to Limited Partners. There is no certainty that the target IRR will be achieved.
- The success of the LP depends on the ability of the Manager to locate, select and realise appropriate investment opportunities. There is no guarantee that suitable investments will or can be acquired or realised as and when required.
- The LP may allocate capital up to 20% of its NAV as equity to renewable energy projects. The project could be subject to project finance on normal commercial terms. In the case of an operational site, revenue from the project may fail to meet expectations and banking covenants may be breached, such that the equity allocated to the project by the LP would be impaired or eradicated.
- The LP utilises gearing, as defined in this IM. Such gearing may be secured on forest assets or comprise equity invested in renewable energy generating assets with debt thereon ring fenced with no recourse to Limited Partners. In the event of default in either case Limited Partners' equity investment would be impaired.
- To protect the limited liability status of a Limited Partner in the LP, 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 LP or of any of its assets, including any investment and disposal decisions. All aspects of management are entrusted to the Manager.
- There is no guarantee that the objectives of the LP will be achieved, and the value of Limited Partnership Shares may go down as well as up.
- In the event of a taxable profit arising within the LP, but the LP not having sufficient distributable funds to allow a Limited Partner to meet the tax charge arising thereon, Limited Partners would be liable to fund such a tax charge from other resources.

- There is no certainty that the LP will be able to sell or refinance all or any part of a renewable energy project. The LP may invest in joint venture vehicles with developers. Such an arrangement may make the LP's holding difficult to realise.

The Manager will seek to minimise the risk through a comprehensive agreement with each developer. In either event, the LP would have to continue to hold the asset until the end of commercial generation and the site has been reinstated in accordance with planning requirements, which would require the Limited Partners agreeing to extend the term of the LP.

- Any forced change in the General Partner, the management of the LP, or in any of the projects in which it invests, could adversely impact on the service provided to the LP and the implementation of its business plan.
- The investment opportunity described in this document may not be suitable for all recipients. Any prospective investor who has any doubt about the suitability of the LP should consult an independent financial adviser regarding all aspects of the investment, including taxation matters, prior to committing to invest in the LP.

DEFINITIONS

ADDITIONAL LIMITED PARTNERSHIP SHARES	Partnership Shares which were created after the formation of the LP, but are not Founder Limited Partnership Shares.
AIFMD	Alternative Investment Fund Managers Directive, as defined in the Limited Partnership Agreement.
ALTERNATIVE INVESTMENT FUND	Shall have the meaning given in Article 4(i) of AIFMD.
EXTERNAL VALUER	A valuer who, together with associates, has no material links with (i) the client, (ii) any agent acting on behalf of the client or (iii) the subject of the assignment.
FIM	FIM Services Limited, incorporated in England with number 01418579.
FIM SOLAR DISTRIBUTION LLP	FIM Solar Distribution LLP, a Limited Liability Partnership registered in England on 12 October 2015, with registered number OC402255 and a registered place of business at Glebe Barn, Great Barrington, Burford, Oxon, OX18 4US.
FIM WIND ENERGY LP	FIM Wind Energy LP, a Limited Partnership registered in England on 6 May 2015, with registered number LP016623 and a registered place of business at Glebe Barn, Great Barrington, Burford, Oxon, OX18 4US.
FIM WINDFARMS 2 LP	FIM Windfarms 2 LP, a Limited Partnership registered in England on 19 April 2011, with registered number LP14405 and a registered place of business at Glebe Barn, Great Barrington, Burford, Oxon, OX18 4US.
FOUNDER LIMITED PARTNERSHIP SHARES	Partnership Shares which were (i) originally acquired by Limited Partners in exchange for interests in an FIM Forestry Trust; or (ii) assigned in favour of Limited Partners by other Limited Partners or (iii) acquired by Limited Partners in accordance with Clause 8 of the LPA.
GENERAL PARTNER	Shall mean 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 LP, and wholly owned by FIM Services Limited.
INTERNAL VALUER	FIM, when performing the valuation function in accordance with the AIFMD rules.
INVESTMENT MANAGEMENT AGREEMENT, IMA	The agreement entered into between the LP and the Manager, which outlines the management services that the Manager will provide to the LP.
INVESTMENT OBJECTIVES	The investment objectives set out in clause 1.4 of the Limited Partnership Agreement.
IRR	The internal rate of return accruing to Limited Partners, based on their Capital Contributions made to the LP, from distributions made by the LP plus the final distribution on termination of the LP derived by calculating the discount rate which when applied to a series of cash flows produces a net present value equivalent to zero.
LIMITED PARTNER	Investors who subscribe for Partnership Shares and are admitted to the Limited Partnership.

LIMITED PARTNERSHIP, LP	FIM Sustainable Timber & Energy LP, a Scottish Limited Partnership formed on 1 March 2010, with registered number SL7703 and registered place of business at 15 Atholl Crescent, Edinburgh, EH3 8HA.
LIMITED PARTNERSHIP AGREEMENT, LPA	The agreement entered into by all the Limited Partners and the General Partner that governs the administration and activities of the LP.
NAV	Net Asset Value.
PARTNERSHIP ASSETS	All the assets of the LP including investments and the cash in the LP's bank accounts.
PARTNERSHIP INTEREST, INTEREST	The interest of a Limited Partner in the LP.
PARTNERSHIP SHARE	A Partnership Interest of £10 nominal capital.
SPECIAL LIMITED PARTNER	FIM Executives LP, a Limited Partnership registered in Scotland on 3 December 2007 with a registered number of SL006334 and a registered place of business at 15 Atholl Crescent, Edinburgh, EH3 8HA.
UCIS	An Unregulated Collective Investment Scheme as defined in 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 tax advice. FIM does not provide taxation advice. Prospective Limited Partners are advised to consult their own professional advisers in relation to the financial, legal, tax, National Insurance Contribution liabilities and other implications of subscription in the LP which will vary in relation to their own particular circumstances.

Commercial forestry is currently subject to favourable taxation treatment in the UK. There is no liability to income tax, corporation tax or capital gains tax (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.

Both commercial forestry and renewable energy generating assets should qualify for 100% relief from Inheritance Tax (IHT), as Business Property Relief (BPR) will apply following a two year qualifying period of ownership. However, the LP has interests in what may be considered Excepted Assets by HM Revenue and Customs (HMRC), set out in more detail below. There is a risk that these may not qualify for BPR in the future.

SUMMARY

A Limited Partnership is treated as "tax transparent" for UK income tax, CGT and corporation tax purposes. This allows each Limited Partner to be taxed according to their individual 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 LP, any taxable income arising in the LP 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 LP, in accordance with the legislation applying in their own jurisdiction.

Any tax treatment or tax relief referred to in this Information Memorandum, and any accompanying documents, are those applying under relevant UK law, HMRC or Revenue Scotland practices at the time of publication and may change in the future.

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 LP and returns to Limited Partners.

REGISTRATION REQUIREMENT

Each new Limited Partner is required by HMRC to register their interest in the LP, 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 penalties 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 the Manager providing relevant information to the Internal Revenue Services under the Foreign Account Tax Compliance Act and will comply with any requests for information from FIM in this regard. If a Limited Partner is subject to taxation in another jurisdiction which also enacts similar regulations, the Limited Partner will consent to the Manager complying with any lawful requests for information.

INHERITANCE TAX

Once held for two years the entire value of a Partnership Interest should qualify for 100% relief from IHT. This is due to the application of BPR. Accordingly, any lifetime transfers or any transfers on death could be entirely free of IHT.

The two year qualifying period will commence immediately from the date of allotment of each "D" Additional Limited Partnership Share as the LP is already trading.

The Manager expects that the full value of an Interest in the LP should qualify for BPR. However, HMRC may challenge the eligibility of certain assets owned by the LP on the basis that they are Excepted Assets for IHT purposes.

The LP has received advice that this could only potentially apply to certain investments in renewable generating assets which are not held directly by the LP, such as shares in an operating company.

The Manager will seek to limit the holding of any asset which could potentially be considered by HMRC as an Excepted Asset to a maximum of 10% of the LP's NAV.

On this basis, the maximum liability to IHT would be circa 4% of the total value of a Partnership Interest in the LP.

The LP has received advice that a successful challenge by HMRC to 100% of the value of a Partnership Interest qualifying for BPR is considered unlikely.

If eligibility for BPR in relation to any Excepted Assets is challenged in the future, the LP will offer to instruct and pay for legal advice on behalf of the first Limited Partner to receive any such challenge in order to clarify the BPR status on behalf of all Limited Partners.

INCOME TAX

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

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

FORESTRY: Timber Harvesting

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

FORESTRY: Other Uses

Income arising from other uses, in the form of rents, including wind farm leases, or other taxable sources such as sporting rent, will be subject to income tax or corporation tax.

WIND FARMS AND SOLAR PARKS: Profits and Dividends

Profits arising from wind farms and solar parks through electricity generation are subject to income tax or corporation tax. When calculating taxable profits, pre-trading expenditure and capital allowances arising on each development are likely to eliminate any income tax liability in the early years of generation. Therefore, distributions in those early years are likely to be free of income tax. Capital allowances will be utilised and other reliefs where available, so that taxable profits in these years are extinguished, carrying forward unutilised allowances to offset against future years' profits. In future periods, taxable profits are expected to arise from this activity.

Where renewable assets are individually held in companies, the companies themselves will claim capital allowances. The Limited Partners will be taxed on their share of the dividends received by the LP.

Limited Partners who are Scottish taxpayers will be liable for different rates of income tax depending on the kind of income arising. Trading profits and rental income will be subject to the Scottish rates of income tax; dividends will be subject to the UK dividend rate.

It should be noted that “D” Additional Limited Partnership Shares may incur income tax liabilities in 2018/19 and 2019/20 for the Limited Partner (in respect of rental income, sporting rent and interest income, etc) before any distribution is received in May 2021. These liabilities are expected by the Manager to be de minimis.

CAPITAL GAINS TAX

FORESTRY: Timber

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

FORESTRY: Land

Any gain in the value of the land (excluding the crop) will be subject to CGT. This includes the value of the wind farm leases.

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

1. When the LP sells a forest property there may be a taxable gain arising in the LP.
2. When a Limited Partner disposes of Limited Partnership Shares there may be a taxable gain arising.

FIM will provide a taxable income statement annually to Limited Partners detailing any capital gain arising in the LP in the tax year concerned. A split between land and crop values allowing any CGT liability on disposal of Limited Partnership Shares to be calculated will be provided on request.

WIND FARMS AND SOLAR PARKS

On disposal of an interest in a wind farm or a solar park, CGT would be payable on any increase in value since acquisition. In addition there could be a balancing charge made to clawback capital allowances previously claimed. Any balancing charge would be subject to income tax. However, as such assets are “depreciating assets” it is unlikely gains will arise.

In the event that a CGT liability arises on a Limited Partner, CGT would be payable at either 10% or 20% dependent on the taxation status of that Limited Partner. The 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 qualifying disposals on or after 6 April 2008 of £10 million. Entrepreneurs' Relief may not be available if a taxable gain arises from the sale of renewable energy generating assets from or within a limited company that the LP has an interest in, or from a sale of the shares in a limited company.

STAMP TAXES: LIMITED PARTNERS

Transfers

Stamp Duty Land Tax (SDLT) 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 LP and thus no SDLT or LBTT obligations should arise in the event of a transfer of Limited Partnership Shares.

Admission of New Limited Partners

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

LAND TAXES

The LP will incur normal expenses on forestry assets acquired. These include legal and registration fees and land taxes in England, Wales and Scotland:

- Stamp Duty Land Tax (SDLT) in England;
- Land Transaction Tax (LTT) in Wales; and
- Land and Buildings Transaction Tax (LBTT) in Scotland.

All taxes are progressive taxes.

The SDLT rates for non-residential properties are: 0% up to £150,000; 2% between £150,001 and £250,000; and 5% on the remainder of the price over £250,000.

The LTT rates for non-residential properties are: 0% up to £150,000; 1% between £150,001 and £250,000; 5% between £250,001 and £1,000,000, and 6% on the remainder of the price over £1,000,000.

The LBTT rates for non-residential properties are: 0% up to £150,000; 3% between £150,001 and £350,000; 4.5% on the remainder of the price over £350,000.

TAX RETURNS

The Manager will provide each Limited Partner with a taxable income statement showing each Limited Partner’s share of taxable income or capital gains arising in that tax year. Each Limited Partner will be liable for any tax due on such income or capital gain.

NATIONAL INSURANCE CONTRIBUTIONS (NICs)

The LP 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 LP. 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 for the whole of the tax year, there is no liability to pay NICs.

Limited Partners may opt with HMRC to pay voluntary Class 3 NICs, even if no taxable profits are generated. In the event that the LP generates significant taxable profits, then Limited Partners may be liable to account for Class 4 and Class 2 NICs.

OVERSEAS

If you are not resident in the UK then tax law in your jurisdiction may differ; you are recommended to seek local tax advice in such circumstances.

APPENDIX II - SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT

INVESTMENT OBJECTIVES

The LP is governed by the LPA as amended and restated on 20 July 2018. The Investment Objectives may only be varied by a vote of a 75% majority by value of Limited Partnership Shares.

COMMENCEMENT, DURATION AND TERM

The LP will continue until 31 May 2028. There will be a vote at the Annual General Meeting to be held prior to 31 May 2028 as to whether to wind up the LP. If 75% of Limited Partners by value vote to continue, the LP will continue for a further five years, subject to a final Termination Date of 31 May 2033.

POWER OF THE GENERAL PARTNER

The General Partner is responsible for the management, control and operation of the LP and is authorised to do anything it determines necessary for the purpose of the LP in accordance with the Investment Objectives.

Neither the General Partner (nor any of its Affiliates) shall be liable for the return of the Capital Contributions of any Limited Partner.

REMOVAL OF THE GENERAL PARTNER

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

The General Partner can be removed without cause on not less than 12 months prior notice on or after 31 May 2028 subject to a resolution passed by 75% or more of the Limited Partners by value of Partnership Shares voting.

NO PARTICIPATION IN MANAGEMENT

No Limited Partner shall take part in the management of the LP's business, transact in the LP's name, sign documents on behalf of, or otherwise bind the LP.

LIMITATION OF LIABILITY

The liability of each Limited Partner is limited to their Capital Contribution.

ADVISORY COMMITTEE

- The General Partner shall establish an Advisory Committee;
- The General Partner may appoint up to four members to the Advisory Committee; and
- Each member of the Advisory Committee shall either be a Limited Partner or a representative of a Limited Partner.

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

The Advisory Committee shall constitute a committee providing advisory services to the LP and take no part in the control or management of the LP, nor have the power to act on behalf of the LP or make any investment decisions for the LP.

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.

INDEMNITY

The General Partner, the Manager and their respective Affiliates, employees and agents, together with members of the Advisory Committee are indemnified by the LP 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, gross negligence, reckless disregard of obligations and, in relation to the General Partner or the Manager where there has been a material breach of the LPA or a material violation of FSMA.

DISTRIBUTIONS

The General Partner will instruct the Manager to make distributions in accordance with the Investment Objectives until the termination of the LP.

Distributions will first be made 100% to Limited Partners until such time that cumulative distributions to Limited Partners produce an IRR equal to 7% on their respective Capital Contributions.

Distributions thereafter will be paid as to 85% to Limited Partners and 15% to the Special Limited Partner.

For each Founder Limited Partnership Share the start date for the measurement of the IRR referred to above shall be the date of creation of the Limited Partnership Share with the base value of £10.00. The start date for any Additional Limited Partnership Share will be the date on which the Limited Partnership Shares were created with the base value being the gross amount paid at that time by the relevant Limited Partner.

Before payment of any distribution to the Special Limited Partner, the General Partner shall obtain confirmation in writing from the Auditors that in their opinion the amount of the distribution to the Special Limited Partner has been calculated in accordance with the distribution provisions in the LPA.

APPOINTMENT OF THE MANAGER

The General Partner appoints the Manager to:

- Operate and manage the LP;
- Enter into contracts on behalf of the General Partner and the LP;
- Investigate and analyse potential investments;
- Acquire investments in line with the Investment Objectives;
- Manage the investments and the LP's business;
- Implement disposals of investments; and
- Wind up the LP in accordance with the LPA as instructed by the General Partner.

ALLOCATION OF REMAINING INCOME AND GAINS

Net Income, Net Income Losses, Capital Gains and Capital Losses will be allocated among the Limited Partners in the same way distributable cash is distributed between the Limited Partners.

AUDITS AND REPORTS

Limited Partners will receive annual audited accounts. The General Partner will prepare and issue a Report and Financial Statements to each Limited Partner within 90 days after the end of each Accounting Period and at least 20 business days before each Annual General Meeting (AGM).

LIMITED PARTNER'S MEETING

- The General Partner will arrange for the LP to have an AGM of the Limited Partners.
- At the AGM the General Partner will review the investment performance of the LP.
- The AGM will be held within six months of the end of each Accounting Period of the LP.
- 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.

ADDITIONAL LIMITED PARTNERS

With the consent of the Limited Partners by a resolution passed by a 75% vote, Additional Limited Partners can be admitted to the LP and existing Limited Partners may increase their Capital Contributions at Subsequent Closing Dates as determined by the General Partner.

Approval to issue "D" Additional Limited Partnership Shares under the terms set out herein was granted by a majority of those existing Limited Partners of over 75% by value of Limited Partnership Shares on a vote held on 24 May 2018.

GENERAL PARTNER TRANSFER PROVISIONS

- The General Partner can only transfer all or part of its Interest to an Affiliate.
- If the General Partner transfers its entire Interest the Transferee is automatically admitted to the LP as the replacement General Partner without further action or approval and without dissolution of the LP.
- The Special Limited Partner can only transfer all or part of its Interest to an Affiliate.
- Where a Limited Partner is a Limited Partner for only part of the Accounting Period their entitlement shall be in proportion to the profits (or losses) which would have been allocated to them had they been a Limited Partner for the full Accounting Period.

TRANSFERS OF LIMITED PARTNERSHIP SHARES AND SUBSTITUTE LIMITED PARTNERS

- At the discretion of the General Partner, Substitute Limited Partners can be admitted to the LP.
- 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 LP.
- A Limited Partner may sell their Partnership Interest in whole or in units, provided that such sale does not reduce their holding in the LP to less than 2,500 Limited Partnership Shares.
- A Limited Partner may assign for no consideration their Limited Partnership Shares in whole or in units of not less than 2,500 Limited Partnership Shares at any time, provided such assignment does not reduce their holding in the LP to less than 2,500 Limited Partnership Shares.

VALUATIONS

The General Partner shall arrange for all assets of the LP to be independently valued on 31 May 2021 and every three years thereafter throughout the duration of the LP.

TERMINATION

The LP will be dissolved on 31 May 2028 unless extended by a 75% majority vote by value in favour of an extension. If the duration of the LP is so extended, it will ultimately terminate on 31 May 2033.

POWER OF ATTORNEY

Each Limited Partner appoints the General Partner and its officers or successor to act as its Attorney for specific purposes in relation to the LP.

WIND FARM OPTIONS FOR LEASES

Limited Partners who were members of a FIM Forestry Trust that contributed a property to the LP at its formation and who are still Limited Partners in the LP as at the date a wind farm lease commences at that property, shall receive Limited Partnership Shares in the LP equivalent to 40% of the net present value of the total estimated cash flow from this lease applying a discount rate of 10%. This applies to two properties with a potential wind farm capacity of 51MW.

The LP will undertake not to dispose of any of these properties whilst an option agreement is in force, subject to an overall vote to wind up the LP.

The total value of such Limited Partnership Shares will be allocated amongst the Limited Partners in the proportions they previously owned the wind farm property as members of the trust. The Manager will calculate the number of Limited Partnership Shares to be allocated once the rental income arising from the operation of the wind farm is established. This will lead to the issuance of Limited Partnership Shares. In November 2016, the Manager issued 44,535 shares in relation to the successful construction and operation of the Penmanshiel Wind Farm, representing a dilution of 0.6% of the existing Limited Partnership Shares.

APPENDIX III - SUMMARY OF THE INVESTMENT MANAGEMENT AGREEMENT

APPOINTMENT

The Manager:

- Agrees to operate the LP including managing its investments;
- Is authorised and regulated by the FCA; and
- Is liable to the LP in accordance with all relevant regulations, statutes, etc.

DURATION

The IMA will terminate immediately on any of a number of events set out in detail in the IMA, including (but not limited to):

- The removal, withdrawal or resignation of the General Partner in accordance with the LPA;
- The termination of the LP;
- The Manager ceasing to be an Authorised Person (unless the Manager's interest in the IMA is assigned to an affiliate within 15 days of such cessation); or
- The occurrence of an insolvency event in respect of the Manager or the LP.

DUTIES OF THE MANAGER

The Manager:

- Will carry out all tasks required to establish, operate and wind up the LP;
- Will carry out any activity prescribed by FSMA, FCA Rules, COBS or otherwise; and
- Will have power and authority (acting as agent) to act as the Manager judges appropriate regarding the operation of the LP in accordance with the IMA and the LPA, including:
 - Hold (or arrange a trustee company to hold) all evidence of title (including deeds, documents, etc) to the investments or assets of the LP;
 - Arrange for the audit of the LP's accounts and liaise with the auditors to prepare the annual accounts and tax returns of the LP;
 - Prepare budgets for the LP;
 - Prepare and circulate annual reports and accounts;
 - Arrange the LP's insurance;
 - Act on behalf of the LP in the sale process if the assets of the LP are sold; and
 - Consult with the Advisory Committee.

MANAGEMENT OF THE LP'S ASSETS AND INVESTMENTS

The Manager in accordance with the Investment Objectives, the IMA and the LPA (as applicable) will:

- Have full responsibility for the management (on a full discretionary basis) of the investments and assets of the LP including the timing and quantum of distributions.
- Use reasonable endeavours to:
 - Identify commercial forests for purchase by the LP (including negotiating purchase terms, documentation and due diligence);
 - Identify opportunities for adding value to the LP's portfolio through renewable energy option for lease agreements; and
 - Allocate capital to renewable energy developments that have received planning consent.
- Implement the sale of timber from forests in which the LP has an interest;
- Oversee the project management of each renewable energy development and act as the LP's representative under the terms of any construction management agreement;
- In respect of each renewable energy project, oversee the operations and management contractor and provide a full management service, including implementing the sale of electricity;
- Exercise all powers of borrowing of the LP; and
- Appoint suitable parties to carry out specified tasks.

ASSIGNMENT

The IMA cannot be assigned by either party without the consent of the other (except that the Manager may assign to an affiliate where it ceases to be an Authorised Person).

SUB-CONTRACTING

The IMA cannot be sub-contracted by either party.

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 FIM and in consultation with the Advisory Committee.

APPENDIX IV - EXTRACT FROM FIM SUSTAINABLE TIMBER & ENERGY LP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

This extract is a summary of financial information from the audited accounts and may not allow for a full understanding of the LP's financial situation. The full audited accounts, the auditor's report and the Report of the Manager for the period to 31 May 2018 are available from FIM upon request.

	2018 £	2017 £
PROFIT AND LOSS ACCOUNT:		
Turnover	6,806,122	6,160,289
Other operating income	536,919	274,778
Total turnover	7,343,041	6,435,067
Operating costs	(2,033,988)	(2,046,360)
Administrative expenses	(724,014)	(764,045)
General Partner's share	(1,000)	(1,000)
Operating profit before depreciation	4,584,039	3,623,662
Depreciation	(203,346)	(243,870)
Operating profit after depreciation	4,380,693	3,379,792
Interest receivable	6,008	5,206
Income from investments	1,374,821	367,747
Profit for the year before revaluation	5,761,522	3,752,745
Unrealised surplus on revaluation of investments	15,498,545	8,876,373
Profit for the year after revaluation	21,260,067	12,629,118
STATEMENT OF COMPREHENSIVE INCOME:		
Profit for the year after revaluation	21,260,067	12,629,118
Unrealised surplus on revaluation of tangible assets	572,721	670,104
Total comprehensive income for the financial year	21,832,788	13,299,222
BALANCE SHEET:		
Fixed assets	156,970,321	137,663,522
Net current assets	2,419,895	3,762,938
Net assets attributable to Limited Partners	159,390,216	141,426,460
Limited Partners' capital	88,638,560	88,638,560
Revaluation reserve	63,789,876	47,718,610
Profit and loss account	6,961,780	5,069,290
Total	159,390,216	141,426,460

Total Limited Partnership Shares	7,164,872	7,164,872
NAV per Limited Partnership Share	£22.25	£19.70

APPENDIX V - APPLICATION INFORMATION

THE LP IS OPEN FOR NEW SUBSCRIPTIONS FROM 26 SEPTEMBER 2018

“D” Additional Limited Partnership Shares will be issued on a monthly basis, on the terms set out in the LPA and this IM, commencing on 30 September 2018, for applications on which cleared funds have been received.

Minimum Subscription

£92,625, being 3,750 “D” Additional Limited Partnership Shares at £24.70 per share.

The anticipated total issue of “D” Additional Limited Partnership Shares is circa £50 million.

EARLY APPLICATION WILL:

- Commence the two year qualifying period for new Limited Partners for IHT relief on the date that shares are allocated as the LP is already trading.
- Provide immediate IHT relief for existing Limited Partners who are not materially increasing their relative share in the LP.
- Allow the LP to take advantage of acquisition opportunities that become available.
- Secure an allocation of “D” Additional Limited Partnership Shares.

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

Where applications for “D” Additional Limited Partnership Shares are submitted through an FCA authorised Financial Adviser, FIM 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 LP 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)

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

FIM will not accept an application for “D” Additional Limited Partnership Shares until its verification requirements have been satisfied. FIM shall not be responsible or have any liability for loss or damage (whether actual or alleged) arising from any delay in processing and/or accepting an application for “D” Additional Limited Partnership Shares where identity verification is outstanding.

LAW

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

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