

# Gresham House Timberland LP

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Annual Report  
31 July 2023



Since 1857

**Gresham House**  
*Specialist asset management*



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# Highlights

- Total return on all Partnership Shares in the year was 1.8% (2022: 19.9%), or £33.26 per Partnership Share. This comprised a distribution of £18.77 (1.0%) and an increase in Net Asset Value (NAV) of £14.49 (0.8%).
- NAV increased by £1.5mn during the year from £189.8mn to £191.3mn, equating to £1,818.26 per Partnership Share. The LP generated a trading profit of £0.7mn during the 12 month period.
- Due to continued subdued timber markets, a distribution of £18.77 per Partnership Share was paid in July 2023 on all Partnership Shares, 50% of the budgeted amount. This represented the previous year's distribution of £17.35 uplifted by the April 2023 Consumer Prices Index (CPIH) + 0.5%, which totalled an 8.2% increase.
- To date, all share classes have performed strongly, significantly in excess of the LP's target Internal Rate of Return (IRR) of 7%, with a blended IRR of 10.7% to 31 July 2023.
- The Manager completed its inaugural natural capital portfolio wide annual survey across all of the LP's forestry assets, focussing on gathering data which will enable the Manager to monitor and improve upon the environmental and social impact of the LP (see [page 21](#): Forestry KPIs).

## Total Net Asset Value

(as at 31 July 2023)

**£191.3mn** +0.8%

## Net Asset Value per Share

(as at 31 July 2023)

**£1,818.26** +0.8%

## Total distribution paid to Limited Partners

(for the year to 31 July 2023)

**£2.0mn** +8.2%

## Total turnover

(for the year to 31 July 2023)

**£4.1mn**

## Total return

(for the year to 31 July 2023)

**1.8%**

## IRR

(since inception)

**10.7%**





01

# Annual Report



# Manager's Report

## Executive summary

During the year ended 31 July 2023, Gresham House Timberland LP (the LP) delivered a 1.8% total return to Limited Partners (2022: 19.9%), inclusive of the 1.0% distribution which was paid in July 2023.

The LP recorded a trading profit during the year of £0.7mn (2022: £4.3mn), prior to payment of the distribution.

During the year the LP experienced mixed trading conditions which presented challenges, as subdued demand for timber resulted in some weakness in timber pricing. In response to this, and having retained a cash reserve in the previous financial year, the Manager chose to continue to reduce harvesting from the budgeted levels to preserve timber, which will continue to grow in volume and can be sold when the timber markets are more buoyant.

A key benefit of forestry investment lies in the ability to time harvesting. The Manager intends to refrain, where silviculturally possible, from selling timber into a subdued market, instead leaving trees to grow in volume and value.

Following several years of outperformance, the LP benefitted from a marginally positive revaluation (1.8%) this year. This largely reflected the biological growth in the crop during the year, replanting undertaken on areas harvested in previous periods, and capital expenditure investment into the assets. UK forestry values have been generally flat or marginally down due to wider macroeconomic uncertainty and rising risk free rates of return.

Timber revenue of £3.7mn (2022: £7.4mn) was £4.0mn (52%) below the budgeted figure of £7.7mn. The majority of this variance is a timing difference with further detail being provided in the Performance Summary on [page 9](#).

Overall, the LP recorded a profit during the year of £0.7mn (2022: £4.3mn), prior to payment of the £2.0mn distribution to Limited Partners (2022: £1.8mn).

The LP continues to deliver on its investment objectives and maintains a fully invested, asset backed position, with no debt. Notwithstanding the current reduction in timber prices, there remains strong long-term demand for UK forestry assets, which is expected to support the capital value of the LP over the medium to long term. The Manager believes that the future prospects for the LP remain positive.

## Total return 2022/23

The total return on all Partnership Shares in the year was 1.8% (2022: 19.9%), or £33.26 per Partnership Share, which comprised of the distribution paid of £18.77 and an increase in Net Asset Value of £14.49.

Beginning NAV per share	£1,803.77	% of beginning NAV
Ending NAV per share	£1,818.26	
Increase in NAV per share	£14.49	0.8%
Distribution per share	£18.77	1.0%
<b>Total return per share</b>	<b>£33.26</b>	<b>1.8%</b>

## Net Asset Value (NAV)

The NAV of the LP increased by £1.5mn during the year to £191.3mn (2022: £189.8mn).

In July 2023, an internal valuation of the LP's forestry portfolio was carried out in accordance with RICS Global Valuation Standards. This resulted in the value of the LP's forest assets increasing marginally by 1.8%. Along with working capital reductions of 1.0% and payment of a distribution of 1.0% this resulted in a total annual return of 1.8% in the year ended 31 July 2023.

This follows a number of years of remarkably high valuation increases, driving total annual returns of 22.9% in the year ended 31 July 2021 and 19.9% in the year ended 31 July 2022.

Forests are typically valued using long-term assumptions, such that short-term timber price volatility is not generally reflected in asset values.





Demand for quality UK forests remains strong, whilst the number of quality assets for sale remains limited.

The increase in NAV for each Partnership Share class since issue is as follows:

Share class	Issue price	Issue date	NAV increase
Founder	£950	May to June 2015	91.4%
"B"	£1,000	Jan to July 2016	81.8%
"C"	£1,034	Oct 2016 to Feb 2017	75.8%
"D"	£1,225	July to Nov 2019	48.4%

## Fund performance

The internal rate of return (IRR) since inception (blended average across all Partnership Share classes), is now 10.7%, net of all fees and costs.

The IRR for each Partnership Share class is given below:

Share class	Issue date	IRR
Founder	May to June 2015	10.1%
"B"	Jan to July 2016	10.7%
"C"	Oct 2016 to Feb 2017	10.7%
"D"	July to Nov 2019	12.0%
<b>All</b>		<b>10.7%</b>

The LP's IRR to date has significantly exceeded the target IRR of 7%.

It should be noted that the IRR for "D" Partnership Shares is based on a relatively short holding period of less than four years, whereas the IRRs for the other share classes span a longer time horizon and are therefore more representative of the long term returns generated by the LP.

Returns are stated net of all costs, including fund raising costs, costs of acquiring properties and fund management costs.

Partnership Shares currently qualify for 100% Business Relief from Inheritance Tax, once held for two years.

## LP strategy

The strategy is to maximise the total return to Limited Partners, selling timber at appropriate prices in order to cover operating costs and provide an element of income via distributions to Limited Partners. There is an overriding investment objective to appropriately balance income and long term capital return: this is important when considering distribution policy.

## Macroeconomic update

The Manager continues to monitor the challenges presented by the macroeconomic environment, such as volatility in commodity markets including the timber and energy markets. Fuel price and general cost inflation (including labour) have increased costs for forestry operations, but this has not materially impacted the long term value of the LP's forestry portfolio.

The stubborn and elevated levels in UK inflation have seen the Bank of England continue to increase interest rates and these are anticipated to remain above recent historic levels, reducing gradually, over the foreseeable future. There has been a reduction in transactional activity in the UK forestry market, with a lower volume of sales compared to previous years. However, the transactions that have occurred for quality assets have shown resilient valuations.

The use of long term timber prices applied in the valuation of forestry assets has minimised the impact of reduced timber prices on the valuation of the LP's forests. As forestry purchasers in general employ low levels of gearing, the rise in interest rates has not caused a material downward movement in asset valuations, which may be experienced in other real asset classes which are traditionally more highly geared.

Should market conditions significantly deteriorate, the Manager would not intend to sell the LP's timber into a depressed market. The Manager is clear that selling the LP's timber into a depressed market is not in the long term interests of Limited Partners. This may impact the future distributions paid to Limited Partners.





## Distributions

### Distribution for the year ended 31 July 2023

The target distribution policy as per the Limited Partnership Agreement aims to adjust the July 2020 distribution of £31.38 per Partnership Share annually by the Consumer Prices Index (CPIH) + 0.5%, on a compound basis. In the first year of this policy, the rise in CPIH was 1.7%, by contrast, in each of the two subsequent years, ended July 2022 and July 2023, the annual increase was 7.8%. In July 2023, the full indexed payment was calculated as £37.55 per Partnership Share.

In light of this unprecedented rise in CPIH (19.2% between April 2019 to April 2023), and due to the subdued timber prices during the year and the corresponding reduction in timber revenue, the General Partner, following consultation with the Advisory Committee, elected to authorise payment of 50% of the indexed distribution payment, as was also the case in July 2022.

Accordingly, the General Partner authorised a distribution of £18.77 per Partnership Share on all Partnership Share classes, which was paid in July 2023 and amounted to £2.0mn. The payment of £18.77 per Partnership Share represented an increase of 8.2% on the previous year's distribution of £17.35 per Partnership Share, and represented 1.0% of the NAV per share as at 31 July 2022.

During the past two years UK timber prices have fallen by 28% in nominal terms, from their record high levels in Q1 2021 (as measured by the Gresham House Timber Index). This is due to underlying supply and demand issues, which are expected to improve in the medium term. In consequence, the Manager has protected value in the LP and has opted to harvest less timber.

The LP does not retain large cash reserves and aims to cover operational costs and distributions from cash generated from each year of timber harvesting operations; this strategy is an efficient use of the LP's capital and has contributed to the LP's excellent historic returns and IRR of 10.7%. Where harvesting was postponed, to ensure timber was not harvested at disadvantageous prices, those crops were left to grow in volume, protecting the long term total return to Limited Partners.



### Distributions for the years ending 31 July 2024 onwards

In the year ending 31 July 2024, the Manager has rebased the distribution in order to deliver a sustainable cash yield.

In preparing the LP's three year budget, the Manager has carefully reviewed all of the potential timber harvesting operations across the portfolio and come to the conclusion that, due to the combination of high levels of inflation and declines in timber prices in recent years, the distribution needs to be rebased to the level it was in July 2021 (the last time it was paid in full).

The distribution payable in July 2024 is therefore forecast to be £32.06 per Partnership Share, which represents an increase of 70.8% from the distribution paid in July 2023, of £18.77 per Partnership Share. If annual increases of CPIH + 0.5% from July 2021 were applied, the figure would be £39.56 (assuming 5% CPIH for the year to April 2024), which would necessitate unsustainable amounts of timber harvesting.

The Manager has implemented a freeze in the application of the Distribution Policy for three years (between July 2021 and July 2024), which have corresponded with a period of unusually high inflation due to macroeconomic factors. Increases of CPIH + 0.5% are proposed to continue from July 2025 onwards.

The Manager has consulted with the Advisory Committee in relation to the budgeted distributions.

The Manager has assumed a modest increase in current timber prices over the three year budget period and has assumed a reduction of CPIH from 5% in 2024, 4% in 2025 and to 3% in 2026. These are reasonable assumptions and, in these circumstances, the distribution target remains sustainable and underpinned by cash flow. **Should circumstances change the Manager might need to revisit distribution payments and Limited Partners should not rely on distribution payments being paid.**

The Manager would expect to continue with similar targets beyond the three year forecast period, but would need to confirm this nearer the time based on prevailing conditions and any change in the underlying assumptions.

**The targeted payment of £32.06 per Partnership Share in July 2024 amounts to 1.8% of the July 2023 NAV. This remains in excess of the targeted distributions of between 1.0% and 1.6% of NAV across other mature Gresham House Forestry Funds with similar investment mandates.**

Limited Partners should continue to note that there is no guarantee that any distribution will be paid in July 2024. An update on proposed distribution payments will be provided in the Interim Report, which will be issued to Limited Partners in March 2024.



## Shares in issue

A total of 105,230 Partnership Shares are in issue.

Share class	Number of shares
Founder	22,586
"B"	14,880
"C"	38,879
"D"	28,885
<b>Total</b>	<b>105,230</b>

## Carbon sequestration

Gresham House has reviewed its carbon methodologies to align with the most current and widely accepted techniques and guidelines from the Intergovernmental Panel on Climate Change (IPCC), drafted from research by leading scientists. This carbon methodology employs a standard that is clear, transparent, complete, and comparable to ongoing research.

The IPCC method converts estimated volumes of merchantable timber in each forest into total tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) stored. This is done by allowing for;

- 1 A Biomass Expansion Factor (BEF) – to account for above ground biomass not included in merchantable timber (stump, branches etc); and
- 2 A below ground biomass expansion factor – known as the root-shoot ratio (RSR); to account for forest material under the ground.

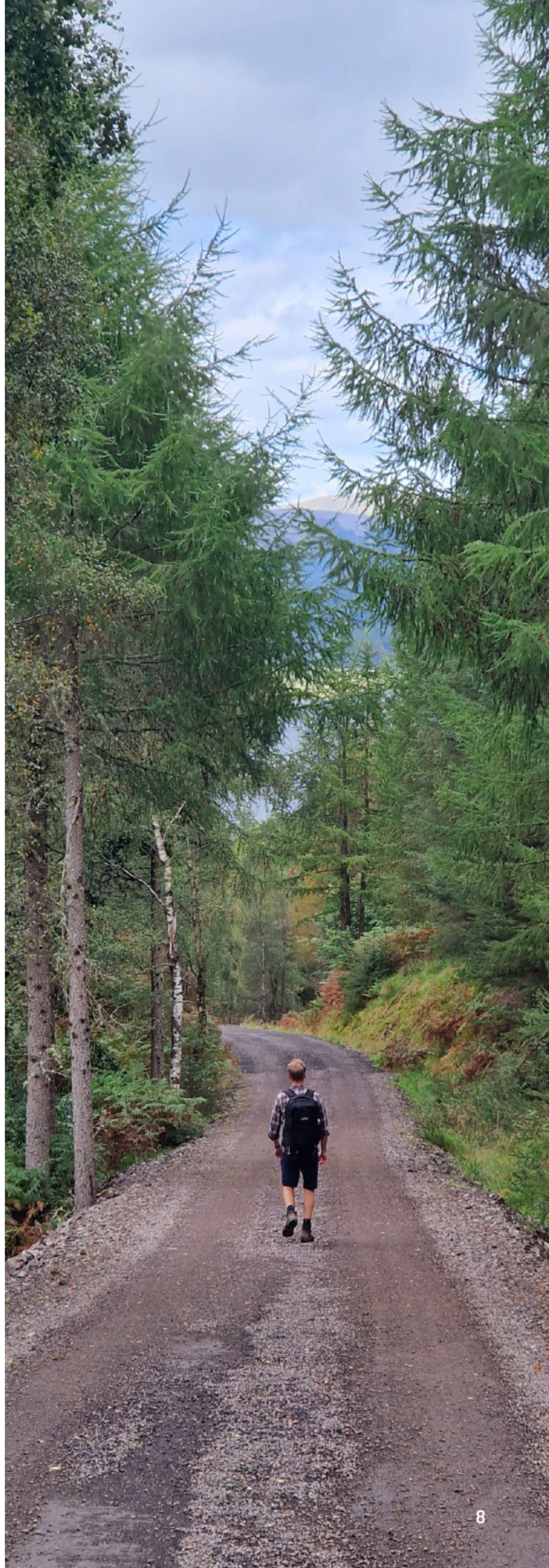
This combined volume is then converted into a tCO<sub>2</sub> number through three calculations to account for, Wood Density (Wet metres cubed to dry tonnes); Carbon Fraction (The conversion from dry timber in tonnes to the amount of Carbon); and the Atomic mass of Carbon (12u) to Carbon Dioxide (44u).

The total carbon currently stored in the LP's forestry portfolio is estimated to be 2.7 million tonnes, equating to just under 26 tonnes per Partnership Share.

The total annual sequestration of carbon dioxide by the forestry portfolio is estimated to be c.95,000 tonnes (0.9 tonnes per Partnership Share) for the year ending 31 July 2024.

Average annual carbon dioxide emissions per capita in the UK were 5.2 tonnes in 2021<sup>1</sup>, so ownership of just six Partnership Shares is the equivalent to the sequestration of the average annual carbon emissions produced by one person in the UK over the course of the year.

1. <https://www.statista.com/statistics/1299198/co2-emissions-per-capita-united-kingdom/>





# Performance Summary

## Trading during the year ended 31 July 2023

An operating profit of £0.7mn was generated (2022: £4.3mn).

189.2 hectares were harvested, summarised as follows:

	2022/23 Budget	2022/23 Actual
Area (hectares)	369.0	189.2
Tonnes/hectare	408	401
Total tonnes	150,523	75,875
Blended price (£/tonne)	51.22	48.90
Total revenue (£)	7,709,703	3,710,565
<b>Revenue (£/hectare)</b>	<b>20,896</b>	<b>19,614</b>

Timber harvesting income of £3.7mn was £4.0mn (52%) below budget of £7.7mn. The majority of this variance is a timing difference, due to a combination of:

- i** The deferral of three harvesting contracts, totalling £1.2mn, to subsequent financial years. Deferrals were made for sales of high quality timber, where the market was not considered suitable, and also where approvals for felling licences and roading projects were delayed. The Manager intends to market this volume to achieve better prices at a later date.
- ii** Delays across several contracts such that a proportion of the revenue (£2.0mn) will now fall into the year ending 31 July 2024. These were primarily as a result of:
  - a.** delays in receiving approvals for felling licences;
  - b.** wet weather conditions on a large site, where operations were stalled to ensure the risk of diffuse pollution was managed;
  - c.** a slowdown within the period in the quota purchasers received from the log market; and
  - d.** a very late and unforeseeable delay in harvesting at Glenkeil, caused by Merlin nesting alongside the timber haulage road that provides external access to the forest. Merlin are a protected species in the UK under the Wildlife and Countryside Act, 1981, and harvesting was therefore put on hold until the young birds had fledged, to avoid any disturbance.

- iii** At one property the decision was taken to swap the coupes planned for harvesting and an area which included poor quality larch was prioritised, in accordance with good silvicultural practice. This sale also better suited the type of product being sought by the market but, being a smaller coupe of lower quality timber, resulted in a drop of £0.4mn from that which was budgeted.

A softening of demand forced the Manager to accept slightly lower than budgeted prices on a number of contracts and saw the weighted average price per tonne reduce to £48.90 (versus budget £51.22). This variance was partially driven by the change in product mix, with some high quality timber sales being deferred and some lower quality timber, not originally budgeted for sale, having been harvested.

Operational woodland expenditure of £1.9mn was £1.0mn (34%) less than the budgeted figure of £2.9mn. Of this variance, £0.6mn related to budgeted restocking not being required within the year, due to the number of harvesting contracts which were either deferred or did not complete until after the financial year end. This expenditure has been budgeted in the next financial year.

A number of roading projects were deferred to the following financial year and, as such, capital expenditure of £0.5mn was £1.1mn (67%) below budget.

Administrative expenses of £1.6mn were broadly in line with budget.

At the year end, the LP had a closing cash balance of £0.6mn. The majority of harvesting fell into the second half of the Partnership's financial year, with 62% of timber revenue being earned in Q3, and 11 of the 17 harvesting contracts still ongoing at the financial year end. As such, the Partnership closed the year with £1.2mn of trade debtors, for timber dispatched late in the year. In the month following the financial year end the majority of this balance had been cash settled.

The Manager intends to maintain a prudent level of cash as working capital as a precautionary measure due to recent volatility in the timber markets.



## Budget for the Year to 31 July 2024

The budget for 2023/24 has been prepared on the basis of the forestry portfolio as at 31 July 2023, which consisted of 30 forests. It forecasts an operating profit of £3.3mn, prior to the planned payment of a £3.4mn distribution in July 2024.

Within the financial year ending 31 July 2024, the Manager plans to rebalance the portfolio, selling two forests, Dunter Law and Dalmally, once all mature timber has been felled. Given the limited number of quality assets available on the market currently, the Manager believes it is an opportune time to attract competitive offers for these properties. The neighbouring landowner to one of the forests has approached Gresham House and expressed an interest. The sale proceeds will cover upfront capital expenditure on roading required in the coming years in other forests in order to start extracting mature timber. The intention is for both forests to be sold in the same tax year (completion will be targeted for May 2024).

Following the completion of harvesting during the current financial year, the two forests will have no mature timber remaining and would therefore not generate any net revenue for the Partnership's remaining term.

The estimated combined sale proceeds from the two properties represents less than 2% of the July 2023 NAV.

Within the budget the distribution has been rebased to the same level as the last time it was paid in full (July 2021), discounting the extraordinary inflationary uplifts of the past two years, which were 7.8% in each of 2022 and 2023, due to macroeconomic factors. The Manager is making this change to the distribution in order to achieve a realistic, sustainable cash yield, to balance with the strong capital growth seen to date.

In the past two years the budgeted distribution has been halved, with payments of £17.35 and £18.77 made in July 2022 and July 2023 respectively. The distribution payable in July 2024 will therefore be £32.06 per Partnership Share, representing an uplift of 70.8% on the July 2023 distribution of £18.77. The total value of distributions payable will be £3.4mn, which equates to the full budgeted profit for the year ending 31 July 2024, before distributions and profit on sale of investments.

Income statement	2023/24 Budget (£mn)	2022/23 Actual (£mn)
Turnover	8.2	4.1
Operating costs	(3.0)	(1.9)
Administrative and other expenses	(1.8)	(1.6)
<b>Operating profit</b>	<b>3.3</b>	<b>0.6</b>
Interest receivable	0.1	0.1
Distribution	(3.4)	(2.0)
Profit on sale of investment assets	1.1	-
<b>Profit/(loss) for the year after distribution and sale of investment assets</b>	<b>1.1</b>	<b>(1.3)</b>

Rounded to one decimal place

Total turnover for the year ending 31 July 2024 is budgeted to be £8.2mn, of which £7.8mn is from timber sales.

Harvesting is planned on 465.6 hectares, including the areas under contract carried forward from the previous year. This is a significant increase on the 189.2 hectares harvested in the year ended 31 July 2023, where a number of harvesting contracts were deferred whilst market conditions were unfavourable and lacking in competitive interest, a number of other contracts were also delayed such that they will now span the previous and current financial years.

Budgeted harvesting income from the 465.6 hectares is summarised in the below table. Of the £7.8mn total, 40% has already been secured under contract.

	Budget
Area (hectares)	465.6
Tonnes/hectare	375
Total tonnes	174,486
Blended price (£/tonne)	44.76
Total revenue from timber sales (£mn)	7.8
Revenue (£/hectare)	16,773



Capital expenditure of £1.9mn is budgeted for fences, tracks and roads required to access timber that is due to be harvested. The expenditure includes some works deferred from the previous year.

Forest expenditure is budgeted at £3.0mn, an increase from the previous year (2023: £1.9mn). This increase is driven largely by the greater level of harvesting assumed within the budget year to 31 July 2024, in contrast to the previous financial year where harvesting contracts and restocking was deferred, and also to reflect the impact of the rise in inflation.

Administration and overhead expenses are budgeted at £1.8mn (2023: £1.6mn), inclusive of insurance, Gresham House Asset Management Limited portfolio management fees and legal, audit and professional fees. The budgeted increase in administration expenses is mainly due to the increase in the portfolio management fee. The management fee has historically lagged behind NAV increases as the fee is based on an external valuation in 31 July 2022. Therefore, it is rebased by the movement in RPI in the year ended 31 July 2023. It will be rebased to 0.75% of NAV after the next external valuation scheduled for 31 July 2024.

The Manager will continue to put in place insurance for loss from fire or wind damage to protect the LP's capital value. The premium is budgeted at £0.1mn (2023: £0.1mn).

Statement of cash flows	2023/24 Budget (£mn)	2022/23 Actual (£mn)
Net cash flows from operating activities	3.2	(0.4)
Capital expenditure on the forestry portfolio	(1.9)	(0.5)
Proceeds from sale of investment assets	3.4	-
<b>Cash flows from operating activities and investments</b>	<b>4.7</b>	<b>(0.9)</b>
Interest received	0.1	0.1
<b>Cash flows from financing activities</b>	<b>0.1</b>	<b>0.1</b>
Distribution	(3.4)	(2.0)
Opening cash	0.6	3.4
Net increase/(decrease) in cash	1.4	(2.8)
<b>Cash at the end of the Year</b>	<b>2.0</b>	<b>0.6</b>

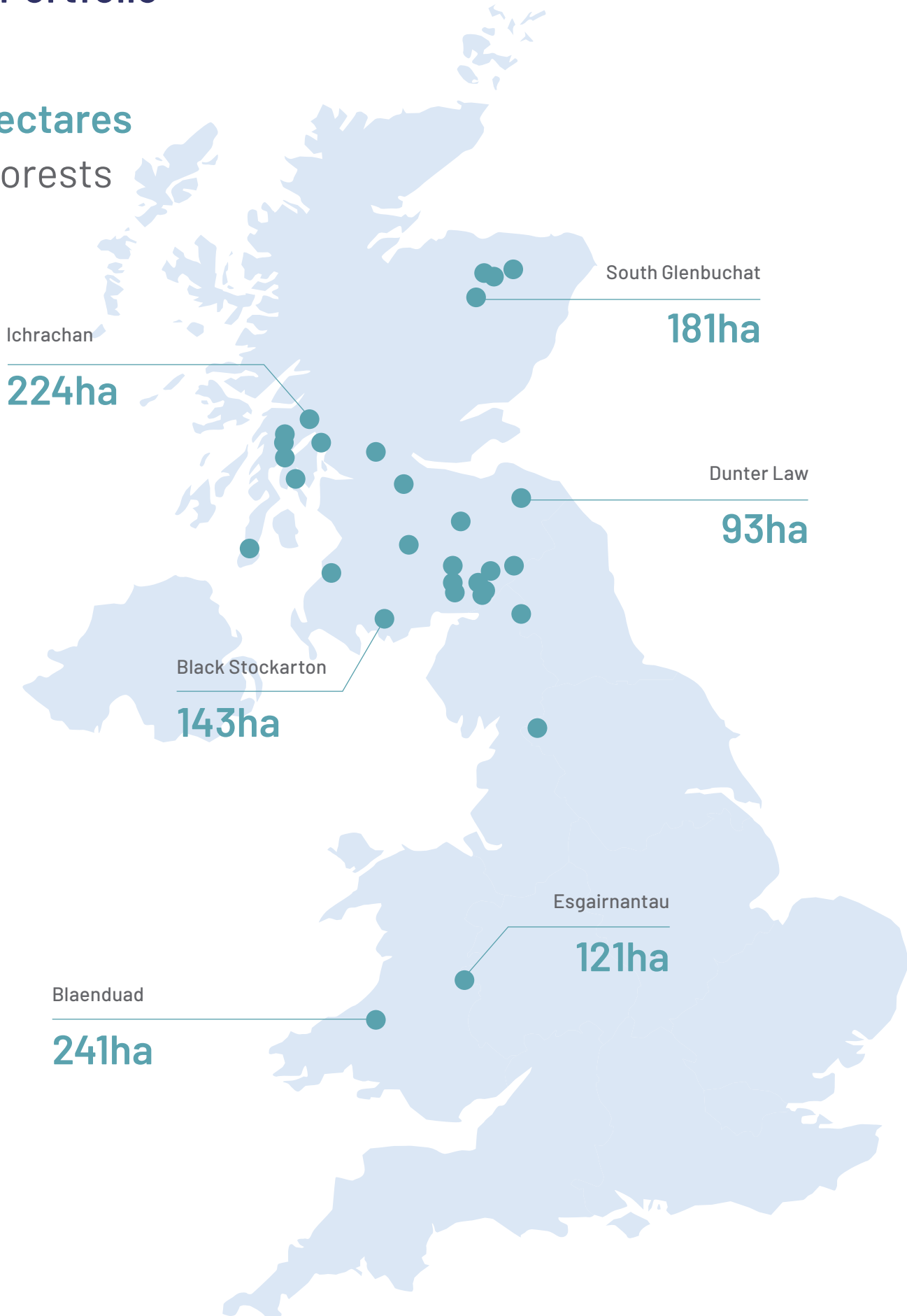
Rounded to one decimal place





# Forest Portfolio

**9,912 hectares**  
30 UK forests





# Portfolio Overview

As at 31 July 2023, the portfolio consisted of 9,912 hectares over 30 properties in England, Scotland and Wales, providing geographic and age class diversification.

The forests are predominantly located in proximity to major timber markets, and geographically are heavily weighted towards South Scotland, the heart of the UK timber processing industry.

## Disposals

No disposals were made during the period ended 31 July 2023. In the year ending 31 July 2024, the Manager intends to market two forests for sale. The two forests, one spanning 219.2 hectares in West Scotland and one 92.9 hectares in South Scotland, both have harvesting planned within the year ending 31 July 2024. This harvesting will remove the final mature crops from the properties, leaving only younger restocked crops which would not be ready for harvesting within the LP's lifetime.

The proceeds from the sale of these assets will cover upfront roading capital expenditure which is required in other forests in order to start extracting mature timber, including some extensive new road projects.

Relatively few opportunities to purchase established young forests have been seen within the market of late. The Manager believes that due to the shortage of high quality young forests available for purchase, a strategic sale of these two assets in 2024 should maximise their value for the LP.

Both forests are intended to be sold in the same tax year (completion will be targeted for May 2024).



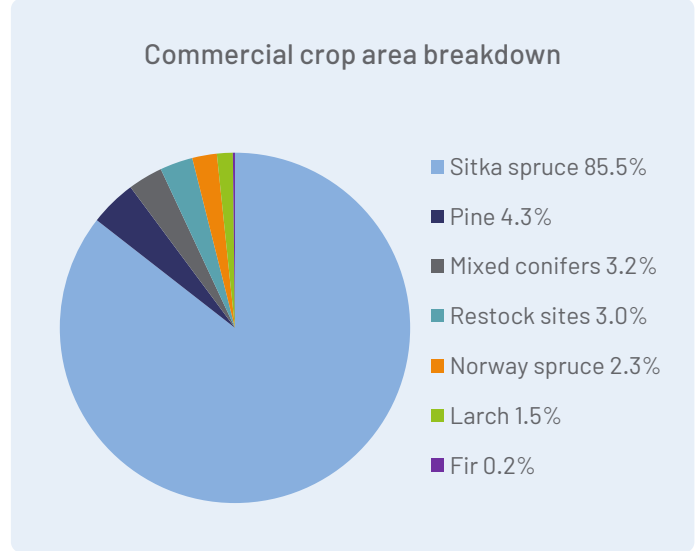
## Crop analysis

Commercial crop area comprises 7,052 hectares, 71.2% of the total area. This is either stocked with commercial crops or has recently been harvested and is due for restocking. The commercial crop area currently consists of 85.5% Sitka spruce and 14.5% other conifer species and land which is awaiting restocking.

The LP continues to hold significant reserves of mature timber, with 3,554 hectares of commercial crop over 30 years of age and a further 774 hectares aged between 26 and 30 years. These crops, subject to separation requirements and market conditions, can be harvested as and when required to generate cash flow. The strategy is to prioritise harvesting of the oldest crops within the portfolio where appropriate.

The Manager is working with the Conifer Breeding Co-operative in support of their work to improve the quality, resilience and yields of commercial forest tree species utilised in the UK. Genetic diversity, timber properties and improved growth rates are some of the improvements the co-operative are aiming to develop.

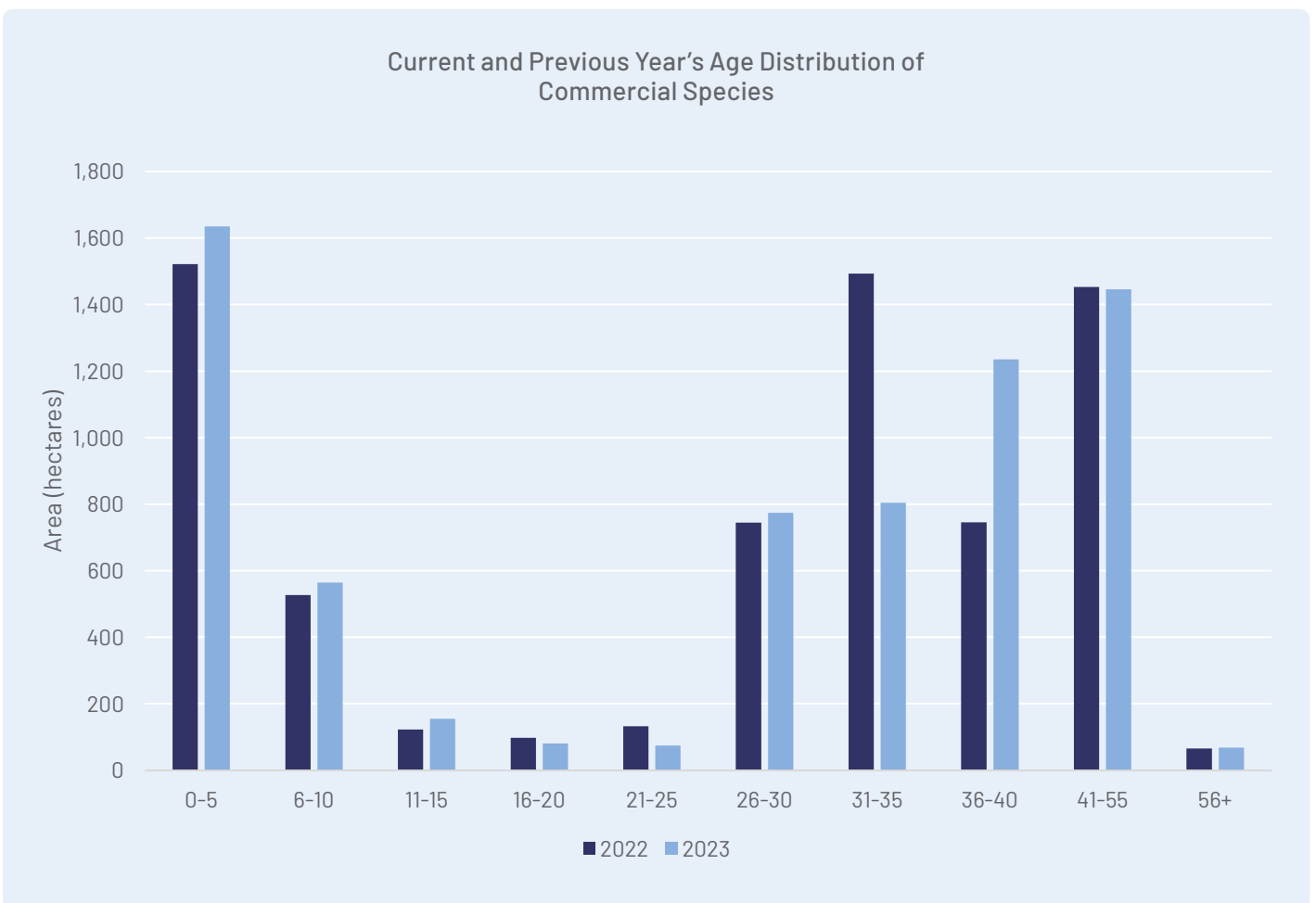
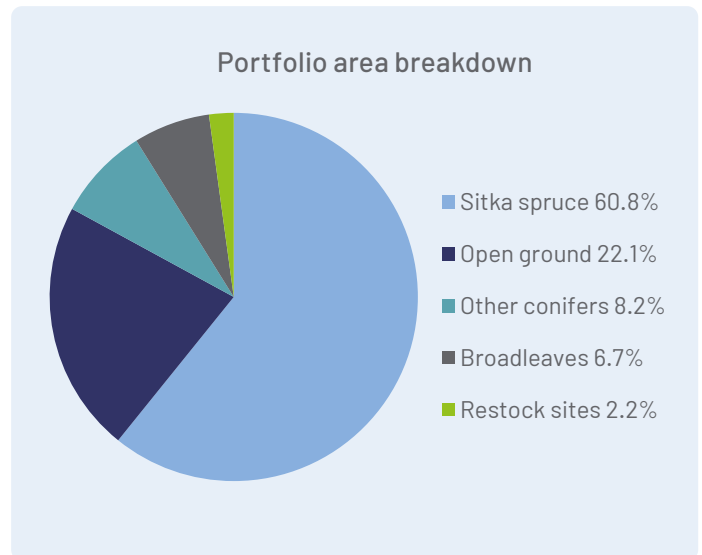
The LP's portfolio contains a significant land area, 28.9% which is not core commercial conifer area. This land is largely retained as open ground. Open space within a forest is important, it breaks up the canopy of the woodland and allows light to reach the forest floor, with the gaps creating sheltered, warm patches that support wildlife, providing a variable environment for different species to cohabit. When combined with veteran trees and native broadleaves, these areas also provide a sheltered ride network and ideal habitat for birds and bats.



The portfolio comprises 6.7% native and mixed broadleaves. Native tree species, such as oak, rowan and cherry, are vital for the UK's woodland ecosystems and biodiversity. Being the species that our wildlife evolved and adapted to rely upon, it is these trees which best provide our mammals, birds, invertebrates, fungi and mosses, with the habitats and food they need to thrive. Under sustainable practice regulations such as the UK Woodland Assurance Standard (UKWAS), a more diverse range of species will be introduced as the forests are restructured, to ensure a greater variety of species and to promote biodiversity across the portfolio.

All forests owned by the LP are managed in accordance with Forest Stewardship Council (FSC) guidelines, which confirm that the forest preserves biological diversity and benefits the lives of local people and workers. The FSC accreditation also helps to maximise the timber prices paid for timber harvested from the LP's portfolio.

The weighted average age of the commercial crop within the portfolio is 26 years, which is distributed as shown in the bar chart below.





# Market Review & Outlook

## Global timber market review

- High mortgage rates and inflationary pressure have reduced timber demand for construction timber in most market regions.
- There has been a significant reduction in timber production in Russia, which will impact global supply.
- Gresham House expect that for the remainder of 2023 timber prices are likely to remain subdued, but demand will recover in 2024.

After significant increases in early July, US lumber futures fell back 15% during the rest of Q3 2023. After an exceptionally volatile couple of years, the lumber markets have now seemingly stabilised at a level that remains above pre Covid pandemic levels. High mortgage rates have seen a freeze in the US housing markets as first time buyers struggle with affordability and existing home owners do not want to surrender lower rates. New home sales weakened and the housing market index saw a drop of 18% during Q3 2023. Traditional supply from British Columbia remains constrained though, demonstrated by Sweden having increased exports to the US, from 1% of exports in 2013 to over 9% in 2023. After falling during the first half of 2023, Q3 saw US inflation increase and mortgage rates have not stabilised as forecast, but the potential remains for that to happen. With timber a major component of US housing an improvement in the market would have significant benefits to global timber markets.

The European Central Bank raised interest rates to 4.5% in September and the rising costs of borrowing are denting consumer confidence and construction activity. European softwood production in 2023 has fallen over 8% in-line with consumption which fell 11% when compared to 2022. Energy and labour costs remain elevated and this is putting further pressure on timber processors. In Germany, landowners are still harvesting significant volumes of damaged timber due to ongoing bark beetle and storm damage and prices have dropped over 20% since 2022. As sawmill production has dropped, sawlog exports have fallen more than 50% since the peak in 2020. The poor German market has created negative price pressure across other European markets.

However, there are positive noises from Swedish forest owners where timber prices continue to rise. The official statistics show sawlog prices have risen steadily each quarter since 2020 and increased 40% between Q3 2020 and Q2 2023. Sodra have reported further price rises in October, although it is important to note that Swedish forest owners did not see significant increases during 2021 despite the boom in end product prices.

Concern over constrained timber supply is keeping timber prices high despite processors seeing significant drops in end product prices. This approach indicates Swedish processors remain hopeful for a recovery in end product prices in the short term.

The Chinese government announced policies to stimulate property investment, encouraging first time buyers and construction activity. The recovery has been slower than forecast, but there is room for further fiscal support. Whilst timber imports remain below that seen in 2022 there have been improvements in timber prices during Q3 2023. Recovery in China will have a positive impact on global timber prices with Europe having increased its market share of Chinese imports.

Log exports from Australia picked up during Q2 with strong demand from India. There is potential for further improvement with the lifting of the Chinese quarantine ban on Australian log exports, although the impact will be delayed while new phytosanitary requirements are worked through. New Zealand log exports remain dominated by the Chinese export markets which deteriorated during Q2. The Australia and New Zealand export log price index fell 17.5% in June 2023, although with the Federal government seeking to incentivise new housing in Australia and an improving Chinese market there is cause for optimism.

High mortgage costs and inflationary pressures are limiting consumer spending and suppressing construction activities across the majority of the world's major timber markets. This is resulting in slow demand for timber and negative price pressure. As we head into winter this is likely to continue, but constraints on global timber supply are holding markets relatively steady at current time. Notably timber production in Russia has fallen nearly 30% as a result of the war with Ukraine. With the drive to net zero increasing the proportion of timber used in construction, the potential for a recovery in global demand for timber remains strong.

## UK timber market review

- UK standing timber prices fell in real terms during Q3 2023.
- Demand for UK standing timber is expected to remain subdued for the remainder of 2023.
- Forecast improvement in construction indicates markets will recover in 2024.

The Gresham House real standing timber price index graph shows that prices fell in all three regions during Q3 2023. In real terms, prices fell 8% in South Scotland, 22% in Wales and 12% in West Scotland. Log prices dropped 7-8% in Scotland but in Wales, after a strong recovery in early 2023, they dropped 20% in line with reduced demand. Small roundwood prices also fell by 6% in Wales and 5% in Scotland. The oversupply of standing timber and constricting demand for end product remains and prices are likely to remain suppressed to the end of 2023.

Most UK sawmills reduced production in line with end product demand during the Quarter, with many running at around 70% of capacity. The weakening of GBP since August will ease price pressure from imported timber on UK mills, but import levels have held despite price reductions. Considering the wider macroeconomic environment, demand for end products is reasonable and sentiment remains good, with an expectation that the market is now likely to remain stable into the back end of the year. Looking further ahead, Q1 will see merchants replenishing their stocks of fencing and garden products ahead of the spring and so a recovery in demand is expected.

The Construction Products Association have forecasted an increase in housing, infrastructure and repair and maintenance activity of 2% in 2024. Whilst a modest rise, this is likely to come alongside an improvement in consumer spending with CPI inflation dropping and mortgage rates now expected to follow. The Builders Merchant Building Index shows that timber and joinery sales remained steady during 2023, but at 23% back from the peak in 2021 there remains plenty of room for improvement.

During the first half of 2023 Gresham House took advantage of the recovery in prices with a high volume of timber sales agreed. However, during Q3 2023, Gresham House timber sales volumes fell back 69%, in reaction to poor demand and falling prices. Forest and Land Scotland placed significant volumes on the market which sold at low prices.

Our open market sales during the Quarter were very limited with a number of sales being postponed due to low prices being offered. The proportion of off-market sales increased as we sought to leverage long term relationships with timber purchasers to secure ahead of the market prices on behalf of clients.

UK processors have generally managed production well and in line with demand. Subsequently, the market is in a relatively good place to recover quickly and with forecast improvements in construction, alongside seasonal demand, there is cause for optimism. Looking forward, Gresham House considers that whilst the remainder of 2023 is likely to be difficult, prices should recover in 2024.

## Long-term global supply and demand

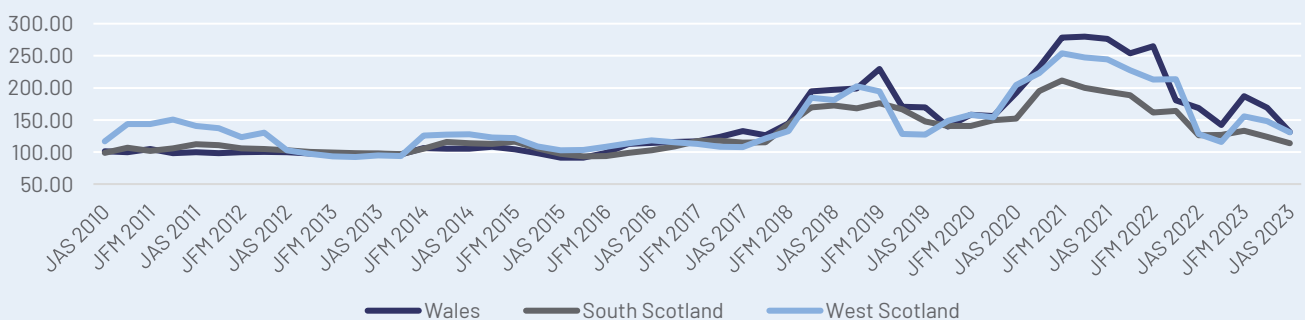
### Long-term outlook remains positive

Gresham House expects global timber consumption to rise by 3.1% per annum over the next 30 years. This will continue to be driven by urbanisation, decarbonisation and increased housebuilding. The World Bank predict global timber consumption to quadruple over the same period, driven by economic and population growth.

Globally, most countries have set significant targets to reduce carbon emissions towards net-zero by 2050. Timber will play a critical part in this transformation. The dual effects of urbanisation and decarbonisation will lead to more new homes and cleaner low carbon intensity buildings being built from timber. Wood will increasingly replace high carbon intensive steel and concrete.

Rising demand for timber is set against a constrained supply due to the long rotation length of the trees and competition for land use. This supply demand imbalance will result in increased timber prices over the medium to long-term. Commercial forestry remains an excellent diversifying investment, uncorrelated to other asset classes, offering inflation protection. It is underpinned by income from timber sales and the biological growth of the trees.

Gresham House Standing Timber Prices - Real Index



Source - Gresham House data. The index is based on the standing prices calculated from the highest end product prices evidenced in Gresham House timber sales during the quarter. The standing prices assume consistent working/haulage costs and crop quality to show a transparent view of the effect of the market movements.



# Business Strategy

## Investment objectives

The investment objectives of the LP are to invest in forest properties to generate an appropriate balance between income and capital returns, with the focus being on maximising the total return to Limited Partners.

## Portfolio management

The Manager will continue to actively manage the portfolio in order to maximise value. The LP has the ability to borrow up to 10% of NAV and the Manager will consider using gearing to acquire additional forest properties as appropriate, but the LP currently has no gearing.

## Distributions

A distribution of £18.77 was paid on all Partnership Shares in July 2023.

## LP duration

The LP has an Initial Termination Date of 31 July 2032. There is a right for Limited Partners to vote to extend this by two four-year periods, subject to 75% by value voting in favour of continuing at each juncture. The Final Termination Date is 31 July 2040.

## Sustainability

The LP continues with the policy of certifying all forests, to Forest Stewardship Council (FSC) standards. As at 31 July 2023 all forests in the portfolio are certified. Certification schemes provide a way of defining sustainable forest management as well as third party independent verification that timber sourced meets the definition of sustainability. These schemes include a mechanism for tracing products from the certified source forest to end use, providing evidence that it is both legal and sustainable.

All timber harvested, together with the restocking and management of the forests thereafter, will continue to be in accordance with the UK Woodland Assurance Standard (UKWAS), to ensure FSC certification of the LP's forests.

Gresham House Asset Management's Forest Charter sets out commitments the Manager is undertaking in respect of core principles within the LP's operations. See the Environmental, Social and Governance section for further details.

## Higher and better use

The Manager continues to seek to add value via renewable energy opportunities on the LP's portfolio. Natural capital and carbon capture opportunities are also being explored.

Enquiries continue to be received from wind farm developers looking to agree options to lease the LP's land. The terms of these arrangements are negotiated to ensure that the LP's share of future revenues from potential wind farm development is maximised.

The Partnership currently has two signed Option for Lease agreements which may generate additional income streams to the LP should the projects receive planning consent, grid connection and become operational. These are Faw Side wind farm, affecting the Partnership's properties of Yellowstake and Glenkeil, and Scoop Hill wind farm, affecting the Partnership's properties of Laverhay and Ewelairs.

Both projects are being progressed by experienced wind farm developers, Community Wind Power, with the LP incurring no legal costs, so as to absolve development risk. The upside, which would be delivered by way of lease rental payments to the Partnership, is significant should they be successfully developed.

### Faw Side

A public enquiry in Spring 2023 saw the Ministry of Defence (MoD) objecting to the proposal on the grounds that seismic ground vibration from Faw Side may have a detrimental impact on detection capabilities of their Array. Community Wind Power have challenged the evidence for this and, in August, a report for the case was submitted to Scottish Ministers. It is hoped that a decision will be given later this year.

### Scoop Hill

Following the initial planning application in 2020, and in response to comments raised during the consultation period, in July 2023 Community Wind Power made a number of changes to their proposed development and submitted additional information for consideration by Scottish Ministers.



## Pests and disease

There are still no pests or diseases that commercially impact spruce trees in the UK. Pests and disease tend to have their greatest impact on slow growing and less vigorous trees.

The Manager mitigates the risk in the following ways:

- by avoiding growing trees on sites where they will be drought stressed, and by focussing on species such as Sitka spruce, which are grown on relatively short rotations of 35- 40 years, as compared to other species such as larch of 50-60 years and pine of 75+ years, providing an element of in-built protection;
- diversification within a portfolio, both in geographic locations and variable age classes in the crops, helps to minimise risk as disease tends to impact trees in specific locations and affect specific ages;
- there is an industry wide active programme of genetically improving Sitka spruce. Such plants are now used routinely in the LP's restocking and new afforestation. Improved yields and shorter rotations are anticipated to be the outcome; and
- forests are being restructured with greater species diversification post-harvesting.

The Manager is working with the Conifer Breeding Co-operative in support of their work to improve the quality, resilience and yields of commercial forest tree species utilised in the UK. Genetic diversity, timber properties and improved growth rates are some of the improvements the co-operative are aiming to develop.





# Administration

## Ongoing Charges Figure (OCF)

The Financial Conduct Authority (FCA) encourages the reporting of the OCF.

The OCF includes all recurring expenditure incurred by the LP, being management fees, legal and professional fees arising at the LP level, external valuation fees, General Partner fees and other recurring overheads (such as audit and depositary services fees).

The OCF excludes any non-recurring expenditure, such as promotion fees on capital raised and transaction fees due on the acquisition of forest properties.

Whilst the OCF is based on historical information, it does provide an indication of the level of fees likely to be incurred in the future. The LP benefits from a competitive annual management fee of 0.75% and the Manager ensures that ongoing costs are carefully controlled. The OCF for the year to 31 July 2023 was 0.79% (having been 0.65% for the year to 31 July 2022 and 0.73% for the year to 31 July 2021).

The increase in the OCF during the past financial year was driven by the management fee, which increased from £1.0mn the previous year to £1.4mn in the year ended 31 July 2023. This was because the fee was calculated as a percentage of NAV, which was uplifted following the external valuation in July 2022, which resulted in a 17.7% increase in the value of the forests. External valuations happen every two years; in the intervening years (when internal valuations are conducted), fees increase in line with RPI, as was the case in the year ended 31 July 2022.

## Advisory Committee

The Advisory Committee consists of four members who are either Limited Partners or representatives of Limited Partners. The Manager consults with the Advisory Committee on issues as required in the management of the LP.

The Manager consulted the Advisory Committee in relation to the 50% reduction in the July 2023 distribution.

The Manager consulted the Advisory Committee in relation to rebasing the proposed July 2024 distribution.

In order to protect Limited Partners, the Manager is not able to continue with a course of action that involves a potential conflict of interest, should the Advisory Committee not waive it.

## Liquidity - sale of Partnership Shares

During the year a total of 817 Partnership Shares were sold (c.0.8% of the total shares in issue), with the Manager arranging deals between vendors and purchasers.

The weighted average sale price was £1,856.08 per Partnership Share (c.3% higher than the published NAV of £1,803.77 as at 31 July 2022).

## Valuations

An internal valuation of the LP's portfolio was carried out as at 31 July 2023, in accordance with RICS Global Valuation Standards.

The next independent valuation is planned for 31 July 2024.

## Annual General Meeting (AGM)

This year's AGM is to be held on 29 November 2023, in person and via Microsoft Teams, to discuss the results of the LP and its future business. A Notice is attached.

## Taxation and National Insurance Contributions (NICs)

The Manager issued Taxable Income Statements for the Tax Year 2022/23 to Limited Partners on 23 June 2023 providing details to be included on Limited Partners' tax returns for 2022/23.

The Manager does not anticipate any liability to NICs in the Tax Year 2022/23 in relation to Limited Partners in the LP, as there are not expected to be any taxable profits arising in the Tax Year 2022/23 which are subject to NICs.

## Taxation - Basis Period Reform

In the tax year 2023/24, the taxation rules are being updated to align taxation and accounting periods. In consequence, the tax return for the tax year 2023/24 will be for the period 1 April 2023 to 31 March 2024. Therefore a longer accounting period of 1 August 2022 to 31 March 2024 will be taxed. This means taxable income will be for 20 months not 12 months and amounts will therefore reflect this.

Due to the number of Limited Partners in the LP, overlap profits have not been taxed in previous periods and therefore no overlap profits, will be available to deduct in 2023/24. It will also delay the provision of taxable income statements: the LP will need the April 2024 quarterly accounts before it can calculate taxable income to 31 March 2024.

Therefore we expect the taxable income statements will be issued in July 2024.

## Alternative Investment Fund Managers Directive (AIFMD)

The LP is classified as an Alternative Investment Fund (AIF) under AIFMD. The main implication of this classification is that the LP has appointed IQ EQ Depository Company (UK) Limited (IQ EQ) as its provider of Depository Services. IQ EQ provides independent governance, oversight and cash monitoring services to the LP, as required by AIFMD.

The Manager is authorised and regulated by the FCA and has appropriate authorisations in place to operate the LP.

## Additions to Limited Partners' holdings in the LP

There is occasionally the opportunity to acquire secondary shares. Gresham House market shares being sold by existing Limited Partners for a period of two weeks. All Limited Partners are entitled to bid for the shares.

The LP's legal advisers believe that further investment should qualify immediately for 100% IHT relief, provided the Limited Partner's existing Partnership Shares have been held for two or more years and the additional Partnership Shares do not materially increase the Limited Partner's overall percentage holding in the LP.

Further details of current share sales can be accessed using this link <https://greshamhouse.com/current-shares-for-sale/>. Bids can be received by post or by email to [admin@greshamhouse.com](mailto:admin@greshamhouse.com) and should detail the number of shares the bid is for and the price per share offered. The Manager presents all valid bids to the vendor following the closing date and will inform bidders on whether their offer is successful or not once the vendor has informed the Manager of their decision.

Successful bidders will be sent completion documents and a payment request, with payment due within two weeks of the closing date.

Further details of current and future sales are available by contacting Gresham House at [admin@greshamhouse.com](mailto:admin@greshamhouse.com) or 01451 844655.

## Gresham House website access

Limited Partners are able to obtain details of their holdings in the LP including a valuation via a secure section of Gresham House's website.

<https://secureclientportal.greshamhouse.com>

## Client satisfaction

The Manager is committed to ensuring the needs and expectations of clients are met at all times and would therefore welcome any suggestions to improve our service delivery.



## Anthony Crosbie Dawson

Fund Manager

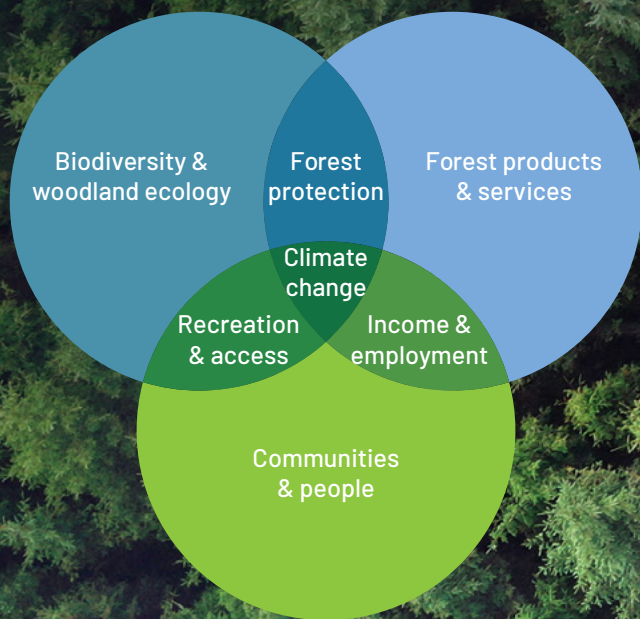
On behalf of Gresham House Asset Management Limited, Manager

27 October 2023



# Forestry KPIs

We commit to managing all our forests sustainably in line with, or beyond, international standards. Our proprietary **Forest Charter** shows the core principles and criteria underlying these standards which lead to the commitments that we make regarding sustainable forest management. The diagram below depicts how the environmental, economic, and social functions of forests and woodlands interact in support of one another, as defined by the UK Forestry Standard.



We use these categories to summarise our commitments in the Charter, reflecting our recognition of the importance of the interaction between these functions to the long term durability of the forests we manage on behalf of our clients. The Charter also confirms the Key Performance Indicators (KPIs) that we commit to measure and the activities we commit to excluding from our investments.

## UK Forestry Standard - Balanced objectives<sup>1</sup>

- Environmental
- Economic
- Social

<sup>1</sup> Gov.uk, The UK Forestry Standard



### Income and employment commitments

**3**  
Number of health and safety incidents recorded (includes Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR), Non-RIDDOR, Near Misses & Environmental Incidents)

**0**  
Number of fatalities recorded



### Forest protection commitments

**2,221,345 m<sup>3</sup>**  
Standing timber inventory

**75,875 tonnes**  
Timber harvest volumes

All figures stated as at 31 July 2023 and reflect performance over the prior financial year, unless stated otherwise.





### Forest products and services commitments

**75,875 tonnes**

Timber harvest volume

**100%**

Timber sold that is certified

**- tCO<sub>2</sub>e**

Carbon credits generated

**- %**

Carbon credits registered



### Climate change commitments

**2,692,699 tCO<sub>2</sub>e**

Carbon stock

**94,541 tCO<sub>2</sub>e**

Total annual carbon emissions sequestered\*

**1,586 tCO<sub>2</sub>e**

Operational emissions

**- kWh**

Operational energy consumed

**- %**

Operational energy consumed that is renewable

**640 ha**

Area of peatland present



### Biodiversity and ecology commitments

**30%**

Area of forest land managed for biodiversity

**61% (6,083 ha)**

Area of forest land allocated to a single species

**8% (769 ha)**

Area of forest land allocated to native species

**24**

Number of biodiversity assessments undertaken

**15.2% (1,503 ha)**

Area of forest land with protected conservation status

**6**

Number of threatened species present on forest land

**20m<sup>3</sup>**

Volume of standing and ground deadwood per hectare



### Forestry certification & standards commitments

**97%**

Area of forest land certified to a third-party forest management standard

\*For the year ending 31 July 2024



# Environmental, Social and Governance – Case Studies

## South of Scotland Golden Eagle Project



During the year a pair of golden eagles were found to be nesting on the edge of one of the LP's South Scotland forests, for their protection, the South of Scotland Golden Eagle Project prefer that their exact location not be disclosed.

The South of Scotland Golden Eagle Project ("SSGEP") is now in its sixth year. Before the project began, there were only between two and four pairs of golden eagles across Dumfries and Galloway and the Scottish Borders. The project's objective is to enhance this fragmented and vulnerable population of golden eagles through increasing the supply of young eagles, which will eventually recruit into the breeding population.

The project has now translocated 38 young golden eagles in an attempt to reinforce the small and isolated population in southern Scotland and the population in the south is now around 46 – the highest number recorded in centuries. Young eagles from the project's early releases are beginning to settle on territories and form pairs which is a great milestone in the recovery of this magnificent species.

The male at this site was collected from an estate in the Highlands and released in southern Scotland in summer 2021. The female fledged from one of the few remaining nests in the Scottish Borders in the same summer. Each released golden eagle is satellite tagged by licensed individuals to ensure the project team builds up as much information as they can on the ranging behaviour, survival, and health of the birds.

SSGEP work with a number of local schools, aiming to educate and engage school students and local communities with their newly arrived Eagles. Children explore eagle ecology, their place in history and culture and learn how to identify Eagles from other birds of prey in their area. Children from Philiphaugh Primary School, near Selkirk, were given the opportunity to name the male and chose the name 'Shine', after his golden head. The female was named 'Amelia' by the landowner of the estate where she fledged.

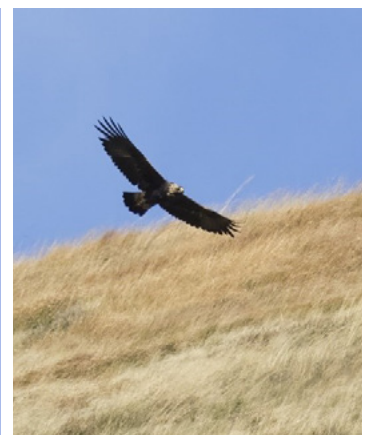
Golden eagles are a long lived species (the oldest recorded wild golden eagle is 32 years old) and can take several years to reach breeding maturity. They pair for life and both male and female work together to build giant nests or 'eyrie', usually in remote and inaccessible places.

These nests are often used by successive generations to rear their own young. Some images of Amelia and Shine and of their nest, can be seen below.

Golden eagles are sensitive to disturbance, to protect them, forestry operations will be carefully managed, with an exclusion zone around the nest site. Forest design plans always bear in mind sustainable conservation, the Manager ensures a mixture of species are planted, with ride networks and areas of open ground being left unplanted, encouraging wildlife and providing food supplies and areas for birds to hunt for prey.

Seeing the new eagles, like Shine, form pairs and establish territories is a really exciting phase of the project. Gresham House is really pleased to work with SSGEP and Tilhill Forestry in welcoming this new pair of golden eagles. The LP has made a small donation to the charity to support its valuable conservation work in protecting these eagles, a vital part of Scotland's wildlife, and returning them to places where they used to thrive.

The Manager would like to thank Dr Catherine Barlow of the South of Scotland Golden Eagle Project for the information and images she kindly shared for the purposes of this article.



## Red Squirrels Northern England

Greenfield Forest is situated to the north of the Yorkshire Dales National Park and falls within the buffer zone of the Widdale Red Squirrel Reserve, it also holds its own strong population of red squirrels.



Natural England and Forestry Commission England awarded Greenfield a Countryside Stewardship Woodland Improvement Grant (CS WIG) contract, which runs from January 2022 to the end of 2025. The grant is funding the monitoring and encouragement of native red squirrels and control of grey squirrels.

The red squirrel is the UK's only native squirrel species and was once a common sight. For decades red squirrels have been in decline, and they are now an endangered species, largely due to the introduction of grey squirrels from America which:

- carry a disease, a Parapoxvirus (squirrel pox), which does not appear to affect their health but often kills red squirrels;
- are more likely to eat green acorns, so will decimate the food source before they ripen and the reds can make use of them; and
- put pressure upon the red squirrels, such that they will not breed as often.

Conservation work that Red Squirrels Northern England (RSNE) have carried out at Greenfield has included:

- walk throughs and visual assessments of the woodlands, to establish areas of high feeding activity of both red and grey squirrels;
- installation of wildlife cameras and baited feeders (some images from the cameras can be seen below);
- engagement with the public and neighbouring landowners, who are encouraged to report sightings;
- rigorous monitoring;
- targeted control at areas identified as having high grey squirrel activity, to reduce numbers of resident grey squirrels and reduce competition with the red squirrels; and
- targeted control at key incursion routes into the forest, to reduce the numbers of grey squirrels entering the property.

A minimal number of grey squirrels were detected within the forest this year, with 10 being removed from Greenfield. By contrast, two or three reds were regularly reported on most monitoring cameras throughout Greenfield and sighting locations and numbers demonstrate a thriving population of red squirrels throughout the forest. The RSNE believe it likely that, without the sustained and focused conservation efforts conducted in the forest, this would not be the case.

It is hoped that in the near future additional tools will be available, such as the Animal & Plant Health Agency's development of a grey squirrel fertility control product, to support the control work currently being undertaken. In the meantime, these important conservation measures remain ongoing.





# Sustainable Investment Policy

## Meeting our Sustainable Investment commitments within our Forestry strategy

Gresham House has a clear commitment to sustainable investment as an integral part of its business mission. The purpose of this document is to set out the manner in which the commitments we have made at a group level to integrate ESG considerations throughout our business will be implemented within our Forestry investment strategy.

- We are committed to adhering to and improving on best practice forestry standards. Our commitments to sustainable forest management and sustainable investment practices are laid out in the [Gresham House Forest Charter \("the Charter"\)](#).
  - The Charter defines the way we manage forests in relation to key forest ecosystem services and explicitly includes commitments relating to climate change, biodiversity, forest protection and forest products and services. It also outlines how<sup>1</sup> we interact with local communities and treat employees and suppliers.
  - We will not invest in activities deemed at odds with the commitments laid out in the Charter and apply the IFC exclusion list<sup>1</sup> to all our investments.
- We take steps to consult and understand the views, concerns and ambitions of our stakeholders in seeking sustainable outcomes from the investments we are involved in.
  - We recognise that as stewards of the countryside we have responsibilities in being a good neighbour in conservation matters, landscape visual amenity, and provision of recreational access where safe to do so, while avoiding negative impacts on local communities wherever possible.
  - We undertake good practice public consultation where new plantations involve change of land use and keep local communities informed of felling plans and other significant operational activities.
  - We engage industry stakeholders such as regulators, policy makers and industry associations to promote outcomes we believe to be in the interest of sustainable forestry and for our clients.
  - Our Forestry investment strategies align with national and international goals to increase tree cover as part of a climate change strategy and the promotion of timber as low-embodied-carbon material for building construction.
- We integrate Environmental, Governance, Social and Economic benefit considerations into our selection, evaluation, governance and management processes across the lifecycle of each investment.
  - Our investments are very long term and through our management approach we proactively set out to improve the value and lifespan of assets through sustainable forestry management.
  - All discretionary managed assets will align to commitments made in the Charter. This includes a commitment to certify all forests under management.
  - Our UK assets work to the UK Forestry Standard and are certified to the UK Woodland Assurance Standard (UKWAS) and international Forestry Stewardship Council (FSC) accreditation.
  - Our international assets are managed to relevant local standards and/or international standards including the FSC and the Programme for the Endorsement of Forest Certification (PEFC).
  - These standards provide a set of principles that we adhere to in our planning, management, felling and restocking cycles as well as the wider way in which we run our forest enterprises. Prior to investment, an analysis of how robustly an asset can meet these standards forms part of our Investment Committee decision making alongside other due diligence reports.
  - Management plans are drawn up for each asset, setting out clear management objectives spanning both commercial and ESG outcomes and how the asset will be managed to meet these within its given prevailing conditions. Performance measurements are integrated into the plans, which are subsequently reviewed on an annual basis.
- We drive rigour and consistency by applying our Sustainable Investment Framework and system, including clearly defined processes and expert tools and methods.
  - We have a clear understanding of the sensitivities, issues and opportunities to be managed across our forestry portfolio and have a framework (see next page) and processes in place to profile and prioritise these at the stages of the investment lifecycle where they are most relevant.
  - We screen all assets prior to acquisition using our proprietary ESG Decision Tool to ensure ESG considerations - both risks and opportunities - are fully assessed prior to investment. Where we decide to proceed with the investment, material ESG factors identified will be addressed as part of the management plan.

1. The International Finance Corporation Exclusion list defines the types of projects that IFC does not finance. [ifc.org/exclusionlist](http://ifc.org/exclusionlist)

- We ensure our team understands the imperative for effective ESG management and is empowered and equipped to carry this out through management support and training.
  - Our team has significant specialist expertise, including professional qualifications from the Institute of Chartered Foresters (ICF), spanning both sustainable forestry practices and sustainable investment. We undertake regular relevant Continuing Professional Development (CPD) to keep our knowledge and outlook up to date and will continue to invest in developing our expertise and good practice in sustainable forestry asset management.
  - We retain long standing, trusted sub-contracted forest managers who are chosen for their expertise and commitment to meeting sustainable forestry standards, the objectives within our management plans and the imperative to maintain our assets, good neighbour relations and ultimately our long-term investment value.
- We conduct regular monitoring of ESG risks, opportunities and performance in our investments and over time will prepare comparative data analysis for reporting to our investors.
  - Our certified sites are independently assessed by FSC appointed auditors and in addition we conduct our own in-house auditing against agreed standards and management objectives.
  - We will actively monitor and assess key data related to sustainable forestry management, including the key metrics identified in the Charter, as an integral part of asset management plans and portfolio management, as well as the wider sustainability performance of the assets in our management, including any unavoidable local impact such as vehicle movements.
- We aim to make an assessment of our wider positive impact in order to review our contribution to sustainable development, particularly meeting the challenge of climate change and relevant Sustainable Development Goals. Calculating the carbon sequestration of our individual assets and whole portfolio will form the core of this.
- We will reassess our ESG risk, opportunity and performance profiling periodically and will report this to the Gresham House Sustainability Executive Committee for analysis and action as necessary.
- Regular auditing will be carried out by the Sustainable Investment Team to ensure ESG processes applied by investment teams meet those laid out in this document and remain appropriate.
- We conduct our business activities in line with the UN-supported Principles for Responsible Investment, including an annual report of our progress towards implementation.
  - As signatories to the PRI we will complete comprehensive annual reporting within its required framework and use this to guide our own internal assessment of our performance and drive our results upwards.
  - We will continue to provide and promote sustainable forestry investments as a sound and accessible sustainable investment option to a wide range of investors.





## UN Sustainable Development Goals (SDG)

Gresham House supports the UN Sustainable Development Goals.

Taking the wider portfolio into account, we believe our Forestry strategy contributes to the following UN Sustainable Development Goals:




## Group Management commitment


Our senior management team, including the Board and the Group Management Committee, are committed to the implementation of this policy and to making appropriate resources and support available to our team to do so. We will conduct a regular review of our approach and how well we are meeting our commitments and will update this policy accordingly.

## Sustainable Investment Framework application


Our thematic sustainable investment framework is used to structure analysis, monitoring and reporting of sustainability issues and opportunities within the lifecycle of Forestry investments. We have made reference to forestry standards to identify within the framework where we believe we should be directing our focus towards sustainable outcomes and monitoring:

 Environmental			
Climate change and pollution	Natural capital	Waste management	
Optimisation of carbon sequestration and stores; reduction in operational emissions; climate transition opportunities; pesticide minimisation	Optimisation of woodland biodiversity; protection of priority habitats and species; considered pest, disease, soil and water management approach	Sustainable management of waste arising from forestry operations	

 Social			
Employment, health, safety and well-being	Marketplace responsibility	Supply chain sustainability	Community care and engagement
Workers' rights protected; commitment to discrimination free, safe and fairly-paid employment and employee training	Certification of forests in line with sustainable forestry standards; production of certified timber; transparent and robust carbon credit generation	Alignment of suppliers to our own sustainability commitments; alignment of woodland managers to certification standards	Good practice community relations and engagement; respect of local community rights; public access, education and recreation

 Governance		
Governance and ethics	Risk and compliance	Commitment to sustainability
Good forestry management practices; clear policies and accountability; ethical business conduct	Robust risk, compliance and auditing processes	Measurement and monitoring of key sustainability metrics; proactive management of potential negative ESG impacts

# Report of the General Partner

The General Partner presents the Report and Financial Statements of Gresham House Timberland LP (the "LP") for the year ended 31 July 2023.

## General Partner

The General Partner is Gresham House Timberland General Partner Limited, a wholly owned subsidiary of Gresham House plc.

## Principal activity

The principal activity of the LP is the ownership of commercial woodlands for the production of timber.

## Results for the year

The results for the year are shown on [page 33](#). The General Partner is satisfied with the results.

## Statement of General Partner's responsibilities

The General Partner is responsible for preparing this Report and the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the General Partner to prepare accounts for each financial period which give a true and fair view of the state of affairs of the LP and of the results of the LP for that period. In preparing these accounts the General Partner is required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent and prepare the accounts on a going concern basis, unless it is inappropriate to assume that the LP will continue in business.

The General Partner is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the LP and to enable it to ensure that the accounts comply with the Companies Act 2006, as modified by SI 2008/569. It is also responsible for safeguarding the assets of the LP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the General Partner is aware, there is no relevant audit information (information needed by the LP's Auditors in connection with preparing their report) of which the LP's Auditors are unaware.

Finally, the General Partner has taken all the steps that it ought to have taken as a General Partner in order to make itself aware of any relevant audit information and to establish that the LP's Auditors are aware of that information.



**Signed by Stephen Beck**

Director, Gresham House Timberland General Partner Limited

27 October 2023



# Independent Auditor's Report

## Opinion

We have audited the Financial Statements of Gresham House Timberland LP (the "LP") for the year ended 31 July 2023, which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the LP's affairs as at 31 July 2023 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as modified by SI 2008/569.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the LP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the General Partner's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the LP's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the General Partner with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Manager's Report and General Partner's Report, other than the financial statements and our auditor's report thereon. The General Partner is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance or conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Manager's Report and General Partner's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Manager's Report and General Partner's Report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of our knowledge and understanding of the LP obtained in the course of the audit, we have not identified material misstatements in the Manager's Report or the General Partner's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Partner's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of the General Partner

As explained more fully in the Statement of General Partner's Responsibilities set out on page 1, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the General Partner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Partner is responsible for assessing the LP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the LP or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the LP through discussions with the General Partner and other management, and from our commercial knowledge and experience of the client's business sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the LP, including the Companies Act 2006, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the LP's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.



To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the General Partner and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the LP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as modified by SI 2008/569. Our audit work has been undertaken so that we might state to the LP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LP and the LP's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Robert Kirtland**  
Senior Statutory Auditor

For and on behalf of:  
Critchleys Audit LLP, Statutory Auditor  
Beaver House  
23-38 Hythe Bridge Street  
Oxford  
OX12EP

Date: 27 October 2023







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# Financial Statements



# Income Statement

	Notes	Year ended 31 July 2023 (£)	Year ended 31 July 2022 (£)
Turnover	3a	3,951,954	7,673,724
Other operating income		104,006	6,866
<b>Total turnover</b>		<b>4,055,960</b>	<b>7,680,590</b>
Operating costs		(1,885,648)	(2,215,309)
Administrative expenses		(1,598,713)	(1,211,778)
General Partner's share	3b	(7,227)	(6,628)
<b>Operating profit</b>		<b>564,372</b>	<b>4,246,875</b>
Interest receivable		100,687	17,286
<b>Profit for the year before revaluation</b>	4	<b>665,059</b>	<b>4,264,161</b>
Unrealised surplus on revaluation of forest properties	5	2,834,254	27,561,243
<b>Profit for the year after revaluation</b>		<b>3,499,313</b>	<b>31,825,404</b>
Number of shares at year end		105,230	105,230
Profit per share before revaluation		£6.32	£40.52
<b>Statement of Comprehensive Income</b>			
Profit for the year after revaluation		3,499,313	31,825,404
<b>Total comprehensive income for the financial year</b>		<b>3,499,313</b>	<b>31,825,404</b>

# Balance Sheet

	Notes	Year ended 31 July 2023 (£)	Year ended 31 July 2022 (£)
<b>Non-Current Assets</b>			
Forest Properties	5	190,000,000	186,620,000
		<b>190,000,000</b>	<b>186,620,000</b>
<b>Current Assets</b>			
Debtors	6	1,394,437	823,205
Cash at bank		598,066	3,443,161
		<b>1,992,503</b>	<b>4,266,366</b>
<b>Creditors: amounts falling due within one year</b>	7	<b>(657,464)</b>	<b>(1,075,473)</b>
<b>Net current assets</b>		<b>1,335,039</b>	<b>3,190,893</b>
<b>Net assets attributable to Limited Partners</b>		<b>191,335,039</b>	<b>189,810,893</b>
<b>Represented by</b>			
Limited Partners' capital	8	109,575,610	109,575,610
Revaluation reserve	8	77,407,060	74,572,806
Income and expenditure account	8	4,352,369	5,662,477
<b>Limited Partners' funds</b>		<b>191,335,039</b>	<b>189,810,893</b>
Number of Limited Partnership Shares at year end		105,230	105,230
Net Asset Value per Limited Partnership Share		£1,818.26	£1,803.77

These Financial Statements were approved by the General Partner and authorised for issue on 27 October 2023 and are signed on their behalf by:



## Stephen Beck

On behalf of Gresham House Timberland General Partner Limited, General Partner



## Statement of Cash Flows

	Notes	Year ended 31 July 2023 (£)	Year ended 31 July 2022 (£)
<b>Cash flows from operating activities</b>			
Operating profit		564,372	4,246,875
(Increase)/decrease in debtors	6	(571,232)	488,788
Increase/(decrease) in creditors	7	(418,009)	74,260
<b>Net cash flow from operating activities</b>		<b>(424,869)</b>	<b>4,809,923</b>
<b>Cash flows from investing activities</b>			
Purchase of forest properties and capital expenditure	5	(545,746)	(543,757)
Interest received		100,687	17,286
<b>Net cash flow from investing activities</b>		<b>(445,059)</b>	<b>(526,471)</b>
<b>Cash flows from financing activities</b>			
Distributions to Limited Partners	8	(1,975,167)	(1,825,741)
<b>Net cash flow from financing activities</b>		<b>(1,975,167)</b>	<b>(1,825,741)</b>
<b>Net increase/(decrease) in cash</b>		<b>(2,845,095)</b>	<b>2,457,711</b>
Cash at the start of the year		3,443,161	985,450
Cash at the end of the year		598,066	3,443,161

# Notes to the Financial Statements

for the year ended 31 July 2023

## 1 Basis of Preparation

These Financial Statements have been prepared in accordance with applicable UK discounting standards, including Financial Reporting Standard 102 and Companies Act 2006.

The Financial Statements are presented in Sterling.

### Going Concern

After reviewing the LP's forecast and projections, the General Partner has a reasonable expectation that the LP has adequate resources to continue in operational existence for the foreseeable future. The LP therefore continues to adopt the going concern basis in preparing its Financial Statements.

## 2 Critical accounting judgements and key sources of estimation uncertainty

As described in note 3d, forest properties are valued in line with the Royal Institution of Chartered Surveyors Global Valuation Standards. External third-party valuations are conducted every two years. Forest properties are stated at fair value based on the valuation performed by an internal/external valuer with considerable experience in the location and category of property valued. The valuer used observable market prices adjusted as necessary for any difference in the location or condition of the specific asset.

## 3 Principal Accounting Policies

### a. Turnover

Turnover represents amounts receivable by the LP, net of value added tax, in respect of the ownership of commercial woodlands and the sale of commercial timber.

### b. General Partner's share

The General Partner's share for the LP has been charged in the accounts at £7,227 for the year, as set out in the Limited Partnership Agreement.

### c. Forest Properties

The Forest Properties are held at fair value determined by an internal or external valuation. The valuation is in accordance with the Royal Institution of Chartered Surveyors Global Valuation Standards.

Changes in fair value are recognised in the revaluation reserve within the profit or loss.

### d. Valuation of Forest Properties

Forest properties were internally valued at 31 July 2023 by Gresham House Asset Management Limited.

An external valuation was completed at 31 July 2022 by Savills, on the basis of their open market valuation on that date. The valuation is in accordance with the Royal Institution of Chartered Surveyors Global Valuation Standards 2017.

### e. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.



**f. Trade debtors**

Trade debtors are amounts due from customers for timber sold and services provided in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the LP will not be able to collect all amounts due according to the original terms of the receivables.

**g. Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the LP does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost.

**4 Profit for the year**

Profit for the year is stated after charging:

	2023 (£)	2022 (£)
Auditors' remuneration – audit services	10,780	9,800
Auditors' remuneration – tax compliance services	5,535	3,670

**5 Forest Properties**

All forest properties were externally valued at 31 July 2023, as detailed in Note 3d to the Financial Statements.

	Forest properties (£)
As at 1 August 2022	186,620,000
Additions	545,746
Disposals	-
Revaluation	2,834,254
<b>As at 31 July 2023</b>	<b>190,000,000</b>

## 6 Debtors

	2023 (£)	2022 (£)
Trade debtors	1,201,999	698,054
Accrued income	120,625	49,850
Prepayments	71,813	75,301
	<b>1,394,437</b>	<b>823,205</b>

## 7 Creditors: amounts falling due within one year

	2023 (£)	2022 (£)
Trade Creditors	(273,265)	(931,925)
VAT	(160,406)	(38,129)
Accruals	(26,625)	(51,098)
Timber harvesting fees	(12,704)	(6,628)
Other creditors	(147,149)	-
Distributions to Limited Partners not cleared bank at year end	(37,315)	(47,693)
	<b>(657,464)</b>	<b>(1,075,473)</b>

## 8 Statement of Changes in Capital

	Founder Limited Partners (£)	"B" Limited Partners (£)	"C" Limited Partners (£)	"D" Limited Partners (£)	Revaluation Reserve (£)	Profit and Loss Account (£)	Total (£)
As at 1 August 2021	20,987,872	14,573,182	39,387,264	34,627,292	47,011,563	3,224,057	159,811,230
Revaluation	-	-	-	-	27,561,243	-	27,561,243
Profit for the year	-	-	-	-	-	4,264,161	4,264,161
Distribution	-	-	-	-	-	(1,825,741)	(1,825,741)
As at 1 August 2022	20,987,872	14,573,182	39,387,264	34,627,292	74,572,806	5,662,477	189,810,893
Revaluation	-	-	-	-	2,834,254	-	2,834,254
Profit for the year	-	-	-	-	-	665,059	665,059
Distribution	-	-	-	-	-	(1,975,167)	(1,975,167)
As at 31 July 2023	20,987,872	14,573,182	39,387,264	34,627,292	77,407,060	4,352,369	191,335,039



	2023 No.	2022 No.
Founder Limited Partnership Shares	22,586	22,586
"B" Limited Partnership Shares	14,880	14,880
"C" Limited Partnership Shares	38,879	38,879
"D" Limited Partnership Shares	28,885	28,885
<b>Total Limited Partnership Shares allotted</b>	<b>105,230</b>	<b>105,230</b>

## 9 Related Parties

### Controlling Entity

The ultimate controlling entity is Gresham House plc due to its ownership of the General Partner, Gresham House Timberland General Partner Limited. Gresham House plc is incorporated within the United Kingdom with its registered address being 5 New Street Square, London, England, EC4A 3TW.

### Related Party Transactions

Gresham House Asset Management Limited is the Manager of the LP. The accounts include the following amounts paid to Gresham House Asset Management Limited:

	2023 (£)	2022 (£)
<b>Recurring fees</b>		
Management charges	1,423,582	1,026,802
<b>Total Gresham House Asset Management Limited fees</b>	<b>1,423,582</b>	<b>1,026,802</b>

No amount was due to Gresham House Asset Management Limited at 31 July 2023 (2022: £Nil).

During the year an amount of £6,370 was paid to Gresham House Holdings Limited in respect of recharged costs (2022: £8,471). At 31 July 2023 £Nil (2022: £Nil) was due to Gresham House Holdings Limited.

Gresham House Timberland General Partner Limited is the General Partner of Gresham House Timberland LP. A General Partner fee of £7,227 was charged in the year (2022: £6,628). An amount of £7,227 was due to the General Partner as at 31 July 2023 (2022: £6,628).

There were no post balance sheet events.



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**Additional  
Information**



## The LP's Management Team

Please do not hesitate to contact a member of the management team if you wish to discuss your investment or provide any feedback on this report. Gresham House are committed to ensuring the needs and expectations of our clients are met at all times and would therefore welcome any suggestions to improve our service delivery.

Please see the website for more details on the team's professional experience:  
[www.greshamhouse.com/our-team](http://www.greshamhouse.com/our-team)



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**Beata Thacker**

Finance Analyst

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## LP Information

### Limited Partnership Number

SL19763

### Manager and Operator

Gresham House Asset Management Limited  
5 New Street Square  
London  
EC4A 3TW

### General Partner

Gresham House Timberland General Partner Limited  
5 New Street Square  
London  
EC4A 3TW

### Solicitors

Brodies LLP  
Capital Square  
58 Morrison Street  
Edinburgh  
EH3 8BP

### Auditors & Tax Advisors

Critchleys Audit LLP  
Beaver House  
23-38 Hythe Bridge Street  
Oxford  
OX1 2EP

### Bankers

Virgin Money  
215 High Street  
Cheltenham  
GL50 3HH

### Depository Services

IQ EQ Depository Company (UK) Limited  
4th Floor  
3 More London Place  
London  
SE1 2AQ



## Important Information

This document is issued on a confidential basis by Gresham House Asset Management Limited (“Gresham House” or the “Manager”) as the investment manager to Gresham House Timberland LP (the “LP” or the “Fund”) for information purposes only. Gresham House Asset Management Limited whose registered office is at 5 New Street Square, London, EC4A 3TW is a company authorised and regulated in the United Kingdom by the Financial Conduct Authority (FCA) (FRN 682776).

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Please contact a member of the Gresham House team if you wish to discuss your investment or provide feedback on this document. Gresham House is committed to meeting the needs and expectations of all stakeholders and welcomes any suggestions to improve its service delivery.



Since 1837

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**Gresham House**

*Specialist asset management*