

KEY INFORMATION DOCUMENT (“KID”)

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Alert

You are about to purchase a product that is not simple and may be difficult to understand.

Product

Product:	Gresham House Timberland LP (the LP)
ISIN:	N/A
Website:	www.greshamhouse.com
Manufacturer:	Gresham House Asset Management Limited (GHAM) is the Manager of the LP, and a wholly owned subsidiary of Gresham House plc (GH), 80 Cheapside London, EC2V 6EE
Competent Authority:	Financial Conduct Authority
Date of production of KID:	27 November 2023

What is this product?

Type

The LP, established in 2015, is a Scottish Limited Partnership based in the United Kingdom, and is managed by GHAM.

Objectives

The LP seeks to:

- Acquire diversified large-scale UK commercial forests (Net Asset Value of the LP as at 31 July 2023 was £191.4 million);
- Provide long term tax free capital growth;
- Target a long term return (IRR) of 7% per annum;
- Provide 100% relief of Inheritance Tax (once held for two years); and
- Be actively managed over the long term to maximise returns, providing a degree of liquidity, and to comply with the highest standards of governance.

The Manager conducts technical and legal due diligence on all potential acquisitions using specialist advisors. This product is a long term holding with no recognised market for the shares.

The LP’s investment policy is governed by the Limited Partnership Agreement. Investments are in real assets, so these investments are long term in nature. The first termination date of the LP is 31 July 2032.

GHAM (via its predecessor FIM Services Limited) have been operating and managing similar vehicles for 40 years, achieving good performance for investors.

Intended investor

The LP is for investors who meet the requirements of the Certified High Net Worth Investor, Certified Sophisticated Investor or Self-Certified Sophisticated Investor exemptions set out in COBS 4.12.4.R. You may wish to consult an Independent Financial Advisor prior to investing in the LP.

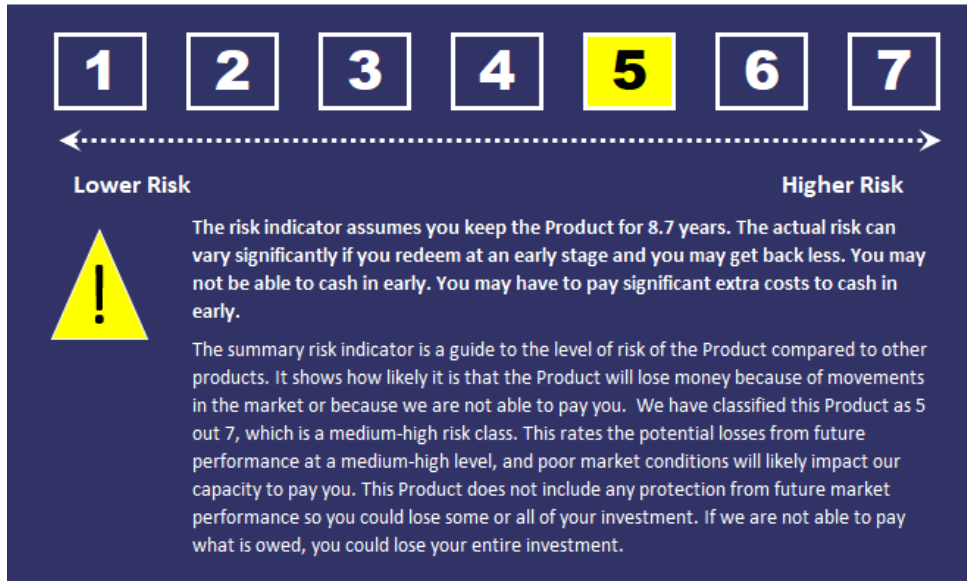
Maturity

The LP is set to terminate on 31 July 2032, with an option to extend to a final termination date of 31 July 2040, subject to a 75% continuation vote held by the Limited Partners. At the final termination date, the Manager envisages giving Limited Partners the opportunity to roll the assets into a similar vehicle, thereby retaining the IHT relief. If this option is rejected by Limited Partners, the alternative would be an orderly disposal of the assets, in order to maximise value to Limited Partners.

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What are the risks and what could I get in return?

Risk indicator



Performance information

The main factors that will affect the performance of the LP will be the market prices and demand for UK forestry timber; the ability of the Manager to: locate, select and realise appropriate investment opportunities; to diversify commercial crop; to time and deliver revenue from harvesting timber, and achieve attractive long-term returns from the acquisition and sale of forestry land.

As set out in the annual report July 2023, the “D” shares have delivered an IRR of 12% per annum since November 2019. The LP is generally illiquid, so we have created a liquid performance proxy¹ for comparative market risk and performance statistics. The performance characteristics of this proxy cover the period January 2006 to November 2023. Market risk will vary over the investment period, the proxy’s average rolling 9-year risk was 20.9% which rose to 55.5% during periods of stress in markets.

We have used an ex-ante moderate performance scenario of 6.2% to calculate the Reduction-In-Yield in the “What are the costs?” section below, which is calculated from the proxy.

What could affect my return positively?

Positive performance factors could be a rise in timber prices; increased demand; good selection and timing of crop harvesting; efficient management of the woodland; and good experience in relation to weather, pests, disease and other uninsured events. A weak sterling, particularly against the euro is likely to improve the competitiveness of UK forestry products against imported timber. Since January 2006, a favourable rolling 9-year return of the proxy was 20.9% per annum.

What could affect my return negatively?

The main factors that could affect return negatively is falling timber prices; inability of the manager to secure good terms on a number of timber harvesting contracts, and physical damage to the crop from poor experience to weather, pests, disease and other uninsured events. Since January 2006, an unfavourable rolling 9-year return of the proxy was 6.3% per annum.

What could happen in severely adverse market conditions?

Severely adverse market conditions occurred in the proxy between June 2008 and March 2009 when the proxy lost 44.6%, before recovering in June 2009. Under severely adverse market conditions, the LP may have similar and proportionate losses, and there is a risk that the capital value of an investment in the LP could reduce significantly, potentially down to zero.

¹ 50% Standard and Poor's Global Timber and Forestry United Kingdom index and 50% Acadian Timber, rebalanced where daily performance data was not available.

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What happens if GHAM is unable to pay out?

There is no direct financial exposure for Limited Partners of the LP to GHAM. Limited Partners own the underlying assets of the LP and in the event of the failure of GHAM, Limited Partners would appoint another manager to manage the LP.

Liquidity in the LP’s shares is provided through set termination dates (see above) and a secondary share sale procedure operated by GHAM.

The LP is an Unregulated Collective Investment Scheme (UCIS) and the UK Financial Services Compensation Scheme is not generally applicable to claims relating to such vehicles. Limited Partners in the LP may have protection under the UK Financial Services Compensation Scheme in certain circumstances but should never assume this until they have satisfied themselves on their position through direct enquiry to their Independent Financial Adviser. For more information see www.fscs.org.uk.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you may receive. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include costs associated with early exit. The figures assume you invest £10,000 although the minimum subscription is £94,325. The figures are estimates and may change in the future.

Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time.

Investment of £10,000			
Scenarios	if you cash in after 1 year	if you cash in after 5 years	Held to 31 July 2032
Total Costs	£604	£1,869	£3,683
Reduction In Yield (RIY) per year	6.04%	2.79%	2.45%

Composition of costs

The table below shows:

- The impact each year of the different types of costs on the investment return you may receive at the end of the recommended holding period; and
- The meaning of the different cost categories

This table shows the impact on return per year			
One-off costs	Entry costs	0.46%	The impact of the costs you pay when entering your investment. (This is the most you could pay and could pay less). The impact of costs already included in the price.
	Exit costs	0.00%	The impact of costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.01%	The impact of the costs of us buying and selling underlying investments for the Product.
	Other ongoing costs	1.98%	The impact of the costs that we take each year for managing your investment.
Incidental costs	Performance fees	0.00%	The impact of the performance fee. We take these from your investment if the Product outperforms its benchmark.
	Carried interests	0.00%	The impact of carried interests.

How long should I hold it and can I take money out early?

Recommended minimum holding period: 31 July 2032

An investment in the LP should be regarded as a long-term investment. The recommended minimum holding period is 8.7 years, (to the first termination date). Limited Partners should be able to realise their investment via GHAM’s secondary share sale procedure, which has an average completion time of 28 days.

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How can I complain?

If you have a complaint about this product, you can call our team on **020 3837 6270**, email us at **info@greshamhouse.com** or write to us at **Gresham House plc, 80 Cheapside, London, EC2V 6EE**.

If you remain dissatisfied with our service and you are an eligible complainant, you may ask the Financial Ombudsman Service to consider your complaint. For more information see www.financialombudsman.org.uk.

Other relevant information

Please read the publicly available information on the LP carefully before making your investment decision and confirm with your Independent Financial Adviser that you have the expertise, experience and knowledge to properly understand the risks of investing in the LP.

100% Inheritance Tax Relief

Investors in the LP will be allotted shares in a Limited Partnership that the Manager believes qualifies for Business Property Relief (“BPR”). Shares in BPR qualifying partnerships held for at least two years and held at the point of death should fall outside an individual’s estate for the purposes of inheritance tax.

There is a risk that HMRC determines that shares in the partnership are not BPR qualifying. GHAM receives ongoing legal advice on the qualifying status of the solution, and is confident that this risk is sufficiently mitigated and has had no issues in this area since inception.

There is also a risk that BPR itself is materially changed by government such that the inheritance tax benefit no longer applies. This is out of the control of GHAM, but we closely monitor the legislative environment and do not consider that this is a material risk in the medium term.

Gresham House Asset Management Limited is authorised and regulated by the Financial Conduct Authority.