

# Key Information Document

## 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

This product is not simple and may be difficult to understand.

## Product

<b>Product:</b>	<b>Gresham House Sustainable Timber &amp; Energy LP (the LP)</b>
<b>ISIN:</b>	N/A
<b>Website:</b>	<a href="http://www.greshamhouse.com">www.greshamhouse.com</a>
<b>Manufacturer:</b>	Gresham House Asset Management Limited is the Manager of the LP, and a wholly owned subsidiary of Gresham House plc, 80 Cheapside, London, EC2V 6EE
<b>Competent Authority:</b>	Financial Conduct Authority
<b>Date of production of KID:</b>	27 September 2023 (as at 31 May 2023)

## What is this product?

### Type

This product is an Alternative Investment Fund and an unregulated collective investment scheme. The LP, established in 2010, is a Scottish Limited Partnership based in the United Kingdom, and is managed by Gresham House Asset Management Limited.

### Objectives

The LP seeks to:

- Acquire diversified large-scale UK commercial forests and renewable energy assets (Net Asset Value of the LP as at 31 May 2023 was £393.4 million);
- Combine two complementary asset classes, namely capital appreciating forest investments and income generating renewable energy assets;
- Target a long term post-tax return (IRR) of 7% per annum;
- Target an annual distribution of £0.69 per share (1.5% cash yield) in May 2024, adjusted annually by the 12 month movement in CPIH + 1% thereby providing protection from inflation; 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 targets an investment mix of 80% of the LP's net assets in commercial, sustainable forestry in the UK, with the balance of up to 20% in renewable energy assets. This allocation fits well with the LP's objective of providing a balance between income and capital growth. It should allow regular distributions to be created from the renewable energy portfolio, whilst the core forestry portfolio can accumulate in value providing capital growth, all within a structure that should provide 100% relief from Inheritance Tax (IHT).

Gresham House Asset Management Limited have been operating and managing similar vehicles for almost 40 years, achieving good performance for investors. The blended IRR of the LP to date has been 14.1% pre-tax, net of all fees and costs.

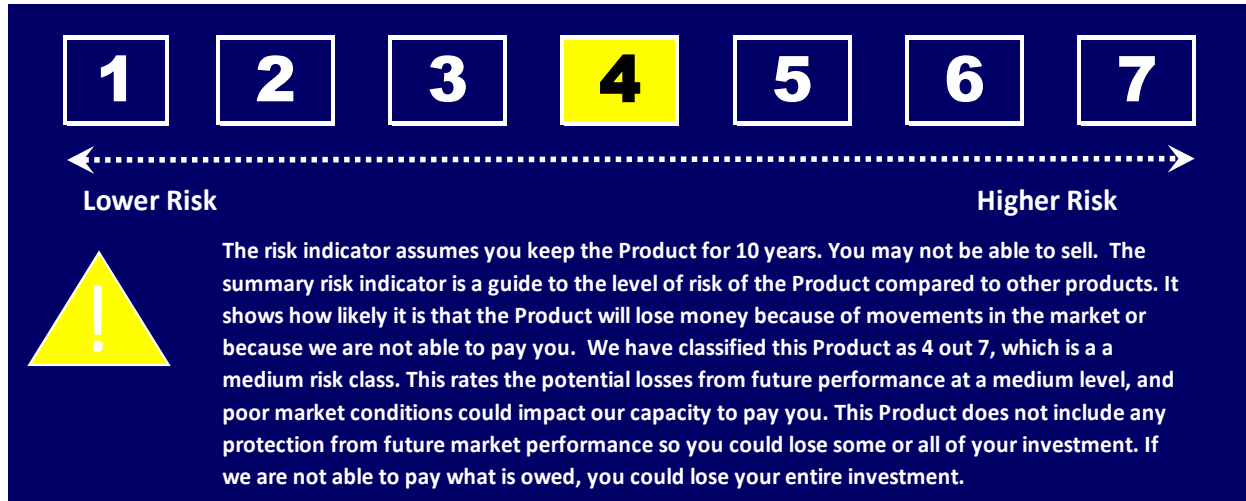
### Intended retail investor

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

# Key Information Document

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

**Risk Indicator**



### Performance information

The main factors that will affect the performance will be the ability of the Manager to locate, select and realise appropriate investment opportunities in the forestry, timber and renewable energy sectors.

The LP has delivered a diluted annualised return of 14.1% weighted across all share classes from May 2010 to May 2023. Our reduction in yield calculations are based on a forward-looking ex-ante return of 11.0% per annum in the 'What are the costs?' section below.

Illiquid private equity investments do not have a representative share price history to indicate investment risks. So we have created a liquid investment proxy to model these investment risks. The proxy is based on an 80% exposure to liquid forestry investments, and a 20% exposure to renewable energy investments. Where there is no trading history, we have back-filled returns dynamically to representative benchmarks in Timber & Forestry and Small Cap Electricity. Our proxy's back history begins in May 2001, and we have calculated performance statistics on this proxy and quoted these in the narrative below.

The average risk experienced in our proxy over a rolling ten-year period was 19.3% per annum, with an average rolling ten-year return of 10.4% per annum. During periods of stress in the investment markets, risk tends to increase, the highest one-year risk observed in the proxy was an increase in risk to 46.7% on an annualised basis.

### What could affect my return positively?

Specific factors that affect returns positively are the good selection and performance of timber & forestry and renewable energy investments in the LP. Timber prices and/or electricity prices may rise increasing the return to Limited Partners. In addition, general improvements in the valuation of UK companies, and these sectors, are likely to positively impact on returns. Correlations have been observed to increase during improved valuations for the UK market. In terms of quantitative evidence, the LP's best performance in the proxy over a rolling three-year period was 34.9%, and over the recommended holding period ten-year term, the best ten-year rolling return was 17.0% per annum.

### What could affect my return negatively?

Anticipated timber volumes may fail to materialise due to damage caused by wind blow, pests, disease or other factors which slow the growth of the timber and/or affect the price of the timber. Falling valuations of UK equities, particularly in the key sectors of forestry and renewable energy would also be expected to link to lower returns. In market downside events, we would expect to see stronger correlations between the LP and the falling markets. In terms of quantitative evidence, our proxy's worst one-year rolling performance was -46.9%. Over the recommended holding period of ten years, our proxy's worst ten-year performance was 5.8% per annum.

### What could happen in severely adverse market conditions?

Under severely adverse market conditions, the investor could expect to lose some, or all of their investment. A severe experience could be a loss of 54.2%, which our proxy experienced between July 2007 and March 2009. The proxy took around two years to recover in December 2010.

## What happens if Gresham House Asset Management Limited or Gresham House plc are unable to pay out?

There is no direct financial exposure for Limited Partners of the LP to Gresham House Asset Management Limited or Gresham House plc. Limited Partners own the underlying assets of the LP and in the event of the failure of Gresham House Asset Management Limited or Gresham House plc, Limited Partners would appoint another manager to manage the LP.

If Gresham House Sustainable Timber & Energy LP has no distributable cash, distributions cannot be paid to Limited Partners until such time as distributable cash is available. Where debt is employed within Gresham House Sustainable Timber & Energy LP there is no recourse to Limited Partners. Gresham House Asset Management Limited is regulated by the Financial Conduct Authority but Gresham House Sustainable Timber & Energy LP is not covered by the Financial Services Compensation Scheme being an unregulated collective investment scheme. Limited Partners liability is limited to their investment in the LP.

## 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 2,500 Partnership Shares. 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 scenarios £10,000	If you cash in after 1 year	If you cash in after 5 years	If you cash in after 10 years
Total costs	<b>£1,056</b>	<b>£2,606</b>	<b>£6,572</b>
Reduction in Yield (RIY) per year	10.56%	3.16%	2.29%

### 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.

The table below shows the impact on return per year over 10 years			
One-off costs	Entry costs	0.23%	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 is 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	0.63%	The impact of the costs of us buying and selling underlying investments for the Product.
	Other ongoing costs	0.46%	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	0.97%	The impact of carried interests.

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

### Recommended minimum holding period: 10 years

An investment in Gresham House Sustainable Timber & Energy LP should be regarded as a longer term investment. The recommended minimum holding period is 10 years. The LP has set Termination Dates whereupon the assets would be sold, and cash distributed, unless Limited Partners vote to extend the LP to the next Termination Date. This product can potentially be traded via Gresham House Asset Management Limited's established sales procedure and therefore investors may be able to realise their investment at any time subject to this procedure.

## 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](mailto: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.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

## Other relevant information

Please read the publicly available information, before making any 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.

### Inheritance Tax Relief

Investors in the LP will be allotted shares in a Limited Partnership that 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 IHT.

There is a risk that HMRC determines that shares in the partnership are not BPR qualifying. Gresham House Asset Management Limited receives ongoing legal advice on the qualifying status of the solution, 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 IHT benefit no longer applies. This is out of the control of Gresham House Asset Management Limited, but we closely monitor the legislative environment and do not consider that this is a material risk in the medium term.