



Par Forestry Partners LP

Par Forestry Partners LP Summary



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Summary

This summary should be read in conjunction with the Information Memorandum regarding the Fund, including the Risk Warnings in that document. Please read the Important Notices section on pages 8 of this document relating to the preparation of this summary and to the Fund.

Investment Opportunity

Commercial forestry as an investment asset class has demonstrated attractive long-term investment returns (the IPD Forestry Index shows annualized returns from forestry in the UK of 8.9% over the period 1992 – 2014, although past performance is no guarantee of future performance and the value of investments can go down as well as up), offering tax advantages and the potential to enhance returns through incremental non-forestry uses of land. Increasing focus on carbon capture and biomass for uses such as wood-fired boilers has supplemented traditional sources of demand for timber, such as the paper and building materials industries. Certain forestry assets may also provide for amenity or sporting opportunities and value and may be made available for investor use.

The Fund, as a pooled subscription vehicle, has been established to offer Investors the opportunity to access this asset class on a cost-effective basis, with the potential to benefit from a diversified portfolio of forestry plantations and the economies of scale available to larger operators. The opportunity to acquire assets with energy-related or other such development opportunities exists and we also provide the potential to acquire forestry assets in part or full exchange for a fund subscription.



The Market

The market for forestry land is driven by factors including investor demand, government policy (including tax incentives), alternative uses and the expected value of timber. The Manager believes that the fundamentals underpinning future demand for timber and government policy are particularly attractive at present and likely to remain so. For these reasons, demand for forestry land exceeds supply and competition for land that becomes available can be intense. The Manager believes that a strategy of focusing on higher-value transactions, so avoiding competition from more numerous smaller-scale buyers, is key to achieving a reasonable entry cost, as is avoiding competitive sales more generally by (where possible) accessing off-market purchases.

Geography

The centre of gravity of the Fund's portfolio is expected to be in Scotland, although plantations may also be acquired elsewhere in the United Kingdom.

Tax

For investors who are UK taxpayers, profits on sale of timber are free of tax and forestry land, if held for at least two years prior to death, is free of inheritance tax. Partnership interests in the Fund can therefore offer significant tax advantages. The Fund may also be accessed via a unit trust structure. Holding units in a pension fund (e.g. a Self-Invested Pension Plan) can also offer the potential to realise attractive tax efficiencies.

For investors who are not UK taxpayers, the assets will be held in a Limited Partner vehicle which allows tax transparency, although individual investors should seek appropriate advice in this respect.



Track Record

The Manager provides various operational services to Par Forestry Partnership No1 LLP, a trading partnership formed by a small number of clients of the Manager. Paul Atkinson, a director of the Manager, is one of two designated partners of Par Forestry Partnership No1 LLP. Par Forestry Partnership No1 LLP has successfully acquired four plantations, one of which has been optioned by a wind farm developer. Subject to planning consent, it is intended that wind turbines will be erected on this plantation, providing a valuable additional income stream at the expense of the loss of a small proportion of the productive land.

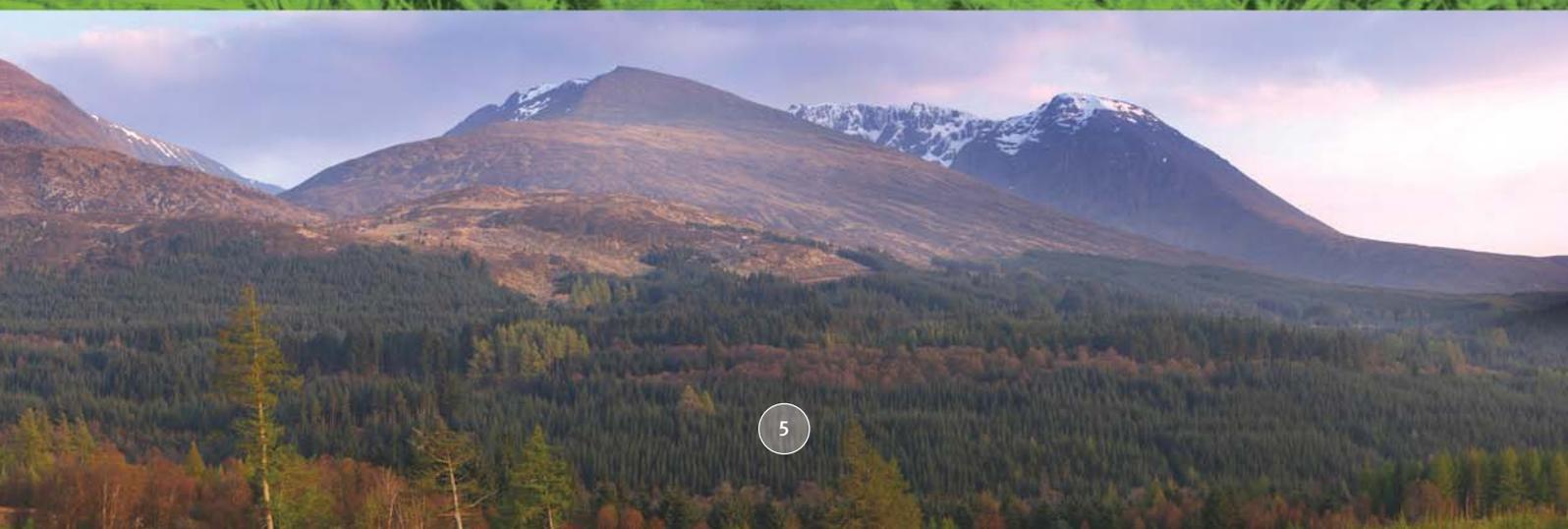
The Manager's contacts in the Forestry sector have allowed access to off market opportunities and also provided a context for non-forestry development opportunities.

Fund Structure

The Fund is structured as a limited partnership and will have a minimum level of £2 million of aggregate commitments, unless otherwise determined by the General Partner. The indicative maximum size of the fund is £10 million before debt, extendable to £12.5 million at the discretion of the General Partner. The minimum commitment to the Fund as a Limited Partner will be £50,000.

An exempt unauthorised unit trust has been established and appointed as a Limited Partner by the Manager. Qualifying investors who wish to invest less than £50,000 (but not less than £20,000), or who wish their investments to be made through SIPP or SSAS schemes unable to participate in limited partnerships directly, may find this option attractive.

The Fund may accept commitments at any time up until the end of the investment period with Fund assets being balanced by way of an interest charge.



Fees and Profit Share

The initial fee is 2%, out of which all establishment costs will be met. Further to this, the investment management fee during the investment period will be 1.5% per annum, and 1% per annum thereafter payable quarterly in advance, and calculated as a percentage of the aggregate commitments of the Fund at each quarter-end during the investment period and thereafter as a percentage of net assets. The Manager will be responsible for paying the Forestry Adviser from the fees it receives, but not the general expenses of the Fund. Transfers and part-transfers of partnership interests will be permitted, subject to the agreement of the General Partner. The Manager will charge each of the transferor and the transferee 1% of the value of any partnership interest transferred as an administration fee for effecting such transfers. The winding-up fee to the Manager will be 2% of aggregate final close commitments on the winding up of the Fund at the end of its life.

For investors introducing forestry assets in place of their cash subscription, the Manager will reimburse their third party costs associated with injecting the assets into the fund, up to a maximum of 2% of the value of such assets. Introduction of Forestry assets will be subject to independent valuation and will be at the discretion of the Manager.

The Manager will receive a 12.5% profit share provided that the Fund's returns exceed the average IPD Forestry Index over the fund's lifetime.

Distributions to Investors

Distributions will be made to Investors at the discretion of the General Partner. Given the nature of forestry investment, it is very unlikely that there will be distributions to investors during the first few years of the Fund's life.

Liquidity

Both the Fund's structure and the nature of forestry as an investment mean that an investment in the Fund will not be an inherently liquid asset. Transfers of partnership interests will, however, be permitted at any time, on a willing buyer/willing seller basis and subject to the agreement of the General Partner. Once the Fund's third anniversary (from the First Closing) has been reached, a full valuation of the Fund will be commissioned and further subscriptions to the unit trust, if any, may allow the sale of partnership interests to the unit trust. Limited Partners who die during the life of the Fund have the option to provide for the sale of their interest by the Manager in order to provide an exit (at the request of a deceased Limited Partner's executors and subject to consent of the General Partner).

Exit

The Fund will be able to acquire forestry land for a period of 3 years following First Close, unless extended, and at the end of that period no new plantations will be acquired. The Fund's portfolio will be managed for a further 7 years, extendable with the consent of the Limited Partners, during which time mature timber may be harvested. As the end of the Fund's life approaches, forestry assets will be sold in an orderly manner and, on sale of the last asset, the Fund will be liquidated.

IMPORTANT NOTICES

The content of this promotion has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 (“FSMA”). Reliance on this promotion for the purposes of engaging in investment activity may expose an individual to a significant risk of losing some or all of any amounts invested. Making an investment in the Fund may expose an investor to a significant risk of losing all of the property or other assets invested. If you are in any doubt about the contents of this confidential summary, you should consult a professional adviser who specialises in advising on the acquisition of interests in unregulated collective investment schemes.

Status of this Summary and Authorised Recipients

The contents of this summary are strictly private and confidential and intended only for the recipient to whom this Summary was issued. This summary is directed solely at persons with sufficient means and/or investment experience to allow them to bear and make an informed assessment of the risks associated with an investment of this type. This summary is not intended to contain all the detailed information that a prospective investor might wish to review in respect of subjects such as the investment strategy, conduct, structure and costs of the Fund. Fuller information is contained in an Information Memorandum, available to qualifying investors from the Manager on request.

This summary is issued by Par Fund Management Limited (“PFML”, or the “Manager”) to provide preliminary information in respect of Par Forestry Partners LP (the “Fund”). The Manager is authorised and regulated by the Financial Conduct Authority (“the FCA”) with registered number 485668. The Fund is structured as a Scottish limited partnership and PFML is the initial Investment Manager of the Fund.

The Fund is an unregulated collective investment scheme for the purposes of the FSMA and a Non-mainstream Pooled Investment (“NMPI”) for the purposes of Rule 4.12 of the FCA’s Conduct of Business Sourcebook (“COBS 4.12”). The Fund is not authorised or otherwise approved by the FCA. Accordingly, promotion of the Fund in the United Kingdom is restricted by statute and by the FCA Rules. The contents of this summary have not been approved by any “authorised person” for the purposes of sections 21 or 238 of FSMA.

The Fund cannot be promoted to the general public in the United Kingdom, but information on the Fund may be issued or distributed in the United Kingdom by an “authorised person” (as defined in FSMA) in circumstances where it is exempt from the general restriction imposed on authorised persons in the financial promotion of unregulated collective investment schemes under sections 21 and 238 of FSMA.

This warning is given pursuant to the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “CIS Exemption Order”) and the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Financial Promotion Order”). The communication to which this warning relates is exempt from the general restriction contained in Sections 21 and 238 of FSMA on the communication of invitations or inducements to engage in investment activity on the grounds that it is made only to:

- a) Investment Professionals as defined in article 14 of the CIS Exemption Order and article 19 of the Financial Promotion Order;
- b) Certified Sophisticated Investors as defined in article 23 of the CIS Exemption Order and article 50 of the Financial Promotion Order;
- c) High Net Worth Companies, unincorporated associations etc. as defined in article 22 of the CIS Exemption Order and article 49 of the Financial Promotion Order;
- d) High Value Trusts as defined in article 22 of the CIS Exemption Order and article 49 of the Financial Promotion Order; or
- e) An association of High Net Worth or Sophisticated Investors as defined in article 24 of the CIS Exemption Order and article 51 of the Financial Promotion Order.

In addition, COBS 4.12 permits promotion of the Fund to:

- a) Certified High Net Worth Investors, as defined in COBS 4.12.6;
- b) Self-Certified Sophisticated Investors, as defined in COBS 4.12.8; and
- c) Professional clients.

Risk Warnings

An investment in the Fund may involve a high degree of risk. Investment results may vary substantially over time and there can be no assurance that the Fund will achieve any particular rate of return. When considering investment track records and other historical performance data, prospective investors should bear in mind that past performance is not indicative of future performance.

Prospective investors should note that most of the protections under FSMA are unlikely to apply to membership of the Fund and that compensation under the Financial Services Compensation Scheme may not be available.

Certain information in and/or provided with this summary represents or is based upon forward-looking statements or information. The Manager has satisfied itself that such statements and information are based upon reasonable estimates and assumptions. Forward-looking statements and information are, however, inherently uncertain and actual events or results may differ from those projected. Undue reliance should not therefore be placed on such forward-looking statements and information.

The underlying investments in the Fund will consist wholly or substantially of commercial forestry land and standing timber and until land or harvested timber is sold the value of the assets concerned will generally be a matter of a valuer's opinion rather than fact and may fluctuate up or down. In particular, it is important to be aware that commercial forestry is a relatively illiquid investment, that the market may be cyclical in nature and that the value of an investment in the Fund may go down as well as up. Investors may not be able to sell their investment in the Fund or do so at a price that would reflect the Net Asset Value of the Fund.

Interests in the Fund are only suitable for Investors who are able to bear the loss of some, or even the whole, of any amount invested and who have no need for immediate liquidity in their investment.

A more detailed description of risk factors specific to the Fund and to commercial forestry as an asset class is contained in the Information Memorandum.

Summary Confidential and Personal to Recipient

The information contained in this summary is confidential and is intended only for the person to whom it is addressed. It is not transferable and is not to be reproduced, disclosed, transferred or distributed to any other person, in whole or in part, except with the prior written permission of the Manager. By accepting delivery of this summary, each prospective investor agrees to keep confidential this summary and the information contained in it.

Key Terms

Fund Structure	A limited partnership registered under the Limited Partnership Act 1907.
Investment Objective	To acquire and manage a portfolio of commercial-scale forestry plantations in Great Britain, supplementing returns from forestry operations through the identification and exploitation of non-forestry opportunities.
Fund Size (Aggregate Commitments)	<ul style="list-style-type: none">• £2,000,000 minimum• £10,000,000 maximum, extendable up to £12,500,000 at General Partner's discretion.
Bank Debt	Up to a maximum of 25% of aggregate drawn down commitments.
Minimum Investment Commitment	£50,000 in respect of each Limited Partner, unless otherwise determined by the General Partner. £20,000 in respect of the unit trust. Investors may also introduce forestry assets in place of their subscription, subject to investment committee approval.
Investment Period	36 months following the First Close, unless otherwise determined by the General Partner.
Fund Term	Seven years following the end of the Investment Period.
Set Up Costs & Initial Fee	2% of the Aggregate Commitments. Third party costs incurred by investors introducing forestry assets in place of their subscription will be reimbursed up to a maximum of 2% of the value of the assets being introduced to the Fund.
Investment Management Fees	1.5% per annum of the total drawn down commitments, payable quarterly in advance during the investment period and 1% per annum payable quarterly in advance thereafter.
Operating Expenses	The General Partner will receive a Priority Profit Share, out of which it shall be responsible for paying the Initial Fee and the Investment Management Fees. On-going operating expenses directly relating to activities of the Fund, including all audit, valuation, legal, accountancy and any other professional fees, will be for the account of the Fund.
Winding-up Fees	The winding-up fee to the Manager will be 2% of aggregate final close commitments on the winding up of the Fund at the end of its life. Winding-up fees for the Manager will be waived for all investors introducing Forestry assets in place of a subscription, provided that such introduction has been made prior to the First Close.
Carried Interest	12.5% of the net profits of the Fund will be payable to the Founder Limited Partner, after repayment of all outstanding commitments as well as a hurdle rate of return to Limited Partners equal to the return that would have accrued had the Fund's investments performed in line with the average IPD Forestry Index over the life of the Fund. This index has shown an average annual return of 8.9% over the period 1992-2014.
Distribution Policy	Distributions will be made as forestry assets are realised, either through the sale of land or of standing timber, or as gains from non-forestry opportunities arise, after taking into account the General Partner's assessment of the working capital requirements of the Fund. It is unlikely that distributions will be made until the later stages of the Fund's life.



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