

Fast growing UK timber fund branches out to new investors

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The UK housing crisis. Global climate change. Two of the biggest issues facing the next generation. What if there was a potential solution to both, in the form of a tax efficient investment that delivers impressive returns to investors?

Too good to be true?

Not according to leading alternative investment manager FIM Services Limited. Growing timber is their solution. And it's a compelling case.

Timber is one of the world's most environmentally friendly raw materials. Trees absorb carbon dioxide, the primary greenhouse gas contributing to global warming. Whilst making money from growing trees, investors are profiting from benefitting the environment.

Not a bad start.

And if that hasn't spiked your interest, there is much more too.

The supply of housing in the UK is a crisis impacting an entire generation. There remains a structural deficit in the supply of new housing not only in the UK, but across Europe and in the US. The key to solving this is increasing the supply of housing. Approximately 170,000 new homes were constructed in the UK during 2016, substantially below the estimated requirement of 300,000 per annum needed to relieve the supply shortage.

One solution to this is gaining momentum – modular house construction (or prefabricated housing as some know it). The UK housing industry builds 5,000 modular homes per year, and the Government want to scale this up to 50,000. When it comes to modular housing, timber is the preferred choice. FIM believe this could see a significant shift in the demand curve for this underrated raw material. And the big investment institutions are circling.

Legal and General, the second largest investment management firm in Europe, are investing some £650 million in UK modular housing. The China National Buildings Materials Group has also announced a £2.5 billion investment to open 6 house building factories in the UK, producing 25,000 new prefabricated homes per year. Further afield, in the developing world, there is a massive drive towards urbanisation, creating a substantial increase in timber demand globally. Rising demand is clashing with ever greater constraints on supply as the global forest resource reduces in size and much of the remaining timber is increasingly inaccessible.

A better way to benefit from the housing market.

Own the trees which provide the timber for construction.

Timber prices are a key driver on the return from forestry. So how can savvy investors get involved? Investing in a forestry fund is one option, which is the area FIM specialise in.

FIM have a unique, proven structure which allows a wide range of investors to access the fundamental attributes of forestry, subject to a minimum investment of £93,200. FIM's three forestry funds have delivered impressive returns to investors over a number of years, with low volatility.

The current offering for FIM Forest Fund I LP builds on an established, diversified portfolio of UK forests independently valued at £84 million.

The Fund has provided a blended post-tax annualised return of 11.8% since formation in 2008. This return is particularly competitive as it provides tax-free income and capital growth from the trees. As investors are acquiring a stake in the business, it will also qualify for Business Property Relief from Inheritance Tax after a two year qualifying period.

The new issue will raise capital to expand the Fund by acquiring further forests across the UK. Edward Latter, Fund Manager, believes that now is an opportune time to issue further shares in what has been a high performing investment to date:

"New investors will benefit from a top quality asset base of some 28,000 acres, an experienced management team and with further investment opportunities available this is an ideal time to gain exposure to the competitive returns and tax advantages offered by this vehicle through investment in UK forestry."

Jim Church, a retired stockbroker from Kent, has been investing in FIM Funds for decades:

"I was asked why I invested in forestry and the answer was not difficult to find. First, it combines, as little else does, both capital growth and income with environmental good. Secondly, from the purely investment point of view, it has a characteristic which few other forms of investment have, and that is it has an underlying asset (timber) which grows and grows and grows. The price of that asset will vary and will not always increase, but the size of the asset will grow year in and year out, if properly tended. Little else, in my view, can offer such a future."

Partnership Shares in FIM Forest Fund I LP are available until 30 November 2017.

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NOTES TO EDITORS

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About FIM Services Ltd

FIM has nearly 40 years' experience of promoting, operating and managing Collective Investment Schemes, Trusts, Limited Partnerships and Limited Liability Partnerships based on tax efficient structures, in sustainable forestry and renewable energy.

FIM manage investments on behalf of a wide range of investors, including institutions, family offices, private clients and funds. Overall assets under management are in excess of £850 million and growing rapidly. These include circa 78,000 hectares of UK forestry and 127MW of renewable energy generating assets.