

Forestry

Strategy

The forestry partnership retains the services of a specialist forestry manager. Any specialist work, such as harvesting and replanting obligations, is put out to tender as and when required.

The predominant crop species we seek is Sitka spruce, which is the most commonly planted conifer in the UK. We typically acquire woodlands which are approximately halfway through their 35 to 40 year life cycle. We seek trees of this age because younger trees are more susceptible to damage and more mature woodlands demand a premium price.

The investment return comes primarily from three sources: changes in the price of timber; potential land price inflation created by any increase in demand for commercial forests and the physical tree growth.

Security

A forestry partnership, established and managed by Stellar, acquires the freehold interest in each commercial forest with a full Land Registry title. We seek an independent expert valuation prior to acquisition, and each commercial forest is insured against wind, fire and other risks.

Case study

The First Stellar Forestry Fund LP

The First Stellar Forestry Fund LP was fully invested in seven forests in Scotland, with a combined total of 673.9 hectares owned by the Fund. The forests Ruegill, Laverhay, Dunter Law and Craigallian were 100% owned by the Fund, with Ord Hill, Sleepieshill and Ayton Hill Forest being owned in conjunction with the Second and Third Stellar Forestry Fund LP's.

The Second Stellar Forestry LP

The Second Stellar Forestry LP had investments in three forests in Scotland with a combined total of 572.3 hectares owned by the Fund. Ballinloan Forest was 100% owned by the Fund with Ord Hill and Sleepies Hill Forest being owned in conjunction with the First Stellar Forestry Fund LP.

The Third Stellar Forestry LP

The Third Stellar Forestry LP had investments in three forests in Scotland with a combined total of 323.5 hectares owned by the Fund. Yellowsike and Venlaw Hill forests were 100% owned by the Fund. Ayton Hill Forest being owned in conjunction with the First Stellar Forestry Fund LP.

In total 10 forestry assets, equating to 1,577 hectares in total, were sold freehold. The portfolio of forestry assets had been carefully and prudently assembled over the last decade and had reached the end of its lifecycle, making it well positioned to sell in the market place for harvesting.

The portfolio was sold for £12.5 million. Our investors were pleased with their final returns, which are wholly free of taxation because of the tax free status of timber income and capital gains exemption on woodlands.

Important Information

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