

IRISH FORESTRY SERVICES UPDATE



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IFS secures deal with RTE Transmission Network for Forestry Funds



Raymond Maguire Commercial Manager of RTENL meets Trevor McHugh Managing Director of IFS

IFS Irish Forestry Services Ltd, the management company for the Irish Forestry Funds and Forestry Investment Plans, has secured a deal with RTE Transmission Network Ltd to provide access to forestry sites for the installation and operation of communications facilities. RTENL's principal activity is the construction and operation of transmission network assets in Ireland and the company is a wholly owned subsidiary of RTE. Raymond

Maguire, Commercial Manager of RTENL, welcomed the agreement as it offers new opportunities to grow the company's national network.

The deal involves the licensing of specific sites which are deemed suitable by RTENL to further enhance its nationwide broadcasting and communications coverage for an initial five year period with an option to renew.

Your Place in the Country

Have you ever thought about building your own retreat in the countryside?

IFS manages over 12,000 acres of forestry plantations and from time-to-time a number of sites, which may be suitable for development, become available for sale. These sites are adjacent to the forestry plantations and generally have road frontage. Over the past number of years IFS has sold several sites where the purchaser has successfully obtained planning permission to build a house. A number of sites are now being offered for sale subject to the purchaser obtaining planning permission.

Interested parties should contact Babara Whiston on (01) 2841777 for further details.

Trevor McHugh, Managing Director of IFS, stated that this was an excellent ancillary and complimentary use of forestry land assets to further enhance shareholder value.

"This deal offers tremendous synergies for both the Irish Forestry Funds and RTENL. IFS has added shareholder value in a way never originally projected without any negative impact on the forestry sites and will continue to seek such strategic complementary partnership deals".

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Kyoto Protocol Comes into Force

The Protocol's entry into force means that from 16 February 2005:

1) Thirty industrialised countries will be legally bound to meet quantitative targets for reducing or limiting their greenhouse gas emissions.

2) The international carbon trading market will become a legal and practical reality. The Protocol's "emissions trading" regime enables industrialised countries to buy and sell emissions credits amongst themselves; this market-based approach will improve the efficiency and cost-effectiveness of emissions cuts.

3) The Clean Development Mechanism (CDM) will move from an early implementation phase to full operations. The CDM will encourage investments in developing-country projects that limit emissions while promoting sustainable development.

4) The Protocol's Adaptation Fund, established in 2001, will start preparing itself for assisting developing countries to cope with the negative effects of climate change.

Under the Kyoto Protocol, industrialised countries are to reduce their combined emissions of six major greenhouse gases during the five-year period 2008-2012 to below 1990 levels. The EU, for example, is to cut its combined emissions by eight percent, while Japan should reduce emissions by six percent. For many countries, achieving the Kyoto targets will be a major challenge that will require new policies and new approaches.

Only four industrialised countries have not yet ratified the Kyoto Protocol: they are Australia, Liechtenstein, Monaco and the United States. Australia and the United States have stated that they do not plan to do so; together they account for over one third of the greenhouse gases emitted by the industrialised world.


Developing countries, including Brazil, China, India and Indonesia, are also Parties to the Protocol but do not have emission reduction targets. Many developing countries have already demonstrated success in addressing climate change.

Under the Kyoto Protocol, a country which is not going to reach its commitments can buy credits from countries which have excess quota or gain credits by investing in carbon dioxide reduction projects in developing countries through the Clean Development Mechanism. The Department of the Environment confirmed the Government now planned to buy 3.7 million tonnes of carbon dioxide credits each year for the five years of the Kyoto Protocol between 2008 and 2012, or 18.5 million tonnes in total.

Forests are internationally recognised as a major factor in the capture and storage of carbon dioxide and it is possible that we will see Irish forest owners benefiting from being awarded corresponding Carbon Credits, which can be sold to those who incur Carbon

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Energy Taxes. As stated in our Chairman's Report 2004, "If reporting and accounting difficulties surrounding forest carbon sequestration can be overcome, it leaves open the possibility of using the credits from 2008 which should benefit shareholders in the various funds and plans".

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Oak Tree



Distribution & Provenance

There are two species of oak native to Ireland. These are pedunculate oak (*Quercus robur* L.) and sessile oak (*Quercus petraea* L.). Because the two species grow at similar rates, achieve broadly comparable stature, produce nearly identical timber and receive very similar management regimes they are often not differentiated. The natural distributions of both species are similar, encompassing the whole of central Europe, south to the northern Mediterranean coast and north to southern Sweden. Provenances currently recommended for planting in Ireland are preferably Irish registered, but Dutch, northern German, Belgian and northern French sources are also acceptable.

Silviculture and Management in Ireland

While oak can tolerate a wide range of soil conditions, both species are best suited to well aerated but wet, deep and fertile soils. They dislike exposure although both are relatively wind firm.

Oak is light demanding throughout its life and will not grow in shady situations. It does not compete well with grass and other vegetation and weed control is essential for as long as competition persists.

Oak is susceptible to grey squirrel damage and, as a young tree, to

browsing from deer, rabbits, hares and domestic stock. Oak mildew is commonly found in oak in Ireland in damp and mild conditions. It has the effect of reducing growth but, except in nurseries, is not considered a serious disease and is not treated in any way.

Non Timber Benefits

Both pedunculate and sessile oak are native to Ireland, and as such, have a high heritage value. Oak is a climax species and is associated with mature and stable ecosystems. Oak woodland is therefore a host to a wide range of other fauna and flora species, resulting in very high levels of biodiversity. Oak is an important species in the Irish landscape, both in a woodland context and as a spreading hedgerow or parkland tree.

Position in Irish Forestry

Oak once dominated the forests of a large part of the country. The native oak population has been severely depleted both in terms of size and genetic composition. It is now one of the most popular broadleaves planted in Ireland and over 1.75 million oak transplants are produced and sold by Irish nurseries each year.

Uses and markets

Irish oak was once famed internationally as a structural timber and can be found in the roofs and floors of many historic buildings in Europe, particularly in Britain. In the past, large industries such as ship building and cooperages depended on quality oak timber. Irish oak is still used as a structural timber although the supply of quality logs of satisfactory length is extremely limited. In Ireland, oak is primarily used in furniture making, fittings for commercial property, joinery and restoration work in old buildings. High grade, cylindrical, straight and blemish free logs can be peeled for veneer and such logs command the highest prices on the market. Otherwise, branches and poor quality logs are popular as fencing material or firewood.

(Source: Forest Service, Dept. of Agriculture, Food & Forestry)

Sale and Transfer of Shares

In order to amend the Share Register it is essential that a Stock Transfer Form be completed and signed by the Transferor and then submitted to the Registrar, The Irish Forestry Funds, Eblana House, Eblana Avenue, Dún Laoghaire, Co Dublin.

The following documents are required if selling or transferring shares:

1. Original Share Certificate
2. Stock Transfer Form (available to download from our website at www.irish-forestry.ie/onlinedocs.htm)
3. A bank draft made payable to the Revenue Commissioners for 1% of the transaction value which is the Stamp Duty based on the transfer value, or market value of the shareholding. The Stamp Duty is payable by the purchaser or new owner of the shareholding. Bank drafts must be made payable to the Revenue Commissioners. Please Note: This is not a handling charge by the Irish Forestry Funds.

Only when all the above documents are received and properly completed can we process the transfer for you.

This issue does not apply to you where you have purchased shares on behalf of another person and the shareholding has always been in that individual's name.

Questionnaire Results

Thank you to all who took the time to complete and return the Questionnaire from our last Update. The response rate was extraordinarily high and the findings will help us to identify potential new and profitable environmentally-friendly alternative investment opportunities.

The analysis of the findings highlighted ethical investment as an area of increased interest with particular emphasis of foreign forestry. There was a marked decrease in the popularity of more traditional options such as property investment both in Ireland and abroad as these appear to have peaked.

As a result of the analysis of the survey we are currently researching a number of ethical, sustainable and people focussed investment options both in Ireland and abroad. Using our clear, accessible approach to investment, we will be introducing a diversified product range for people interested in our proven track record for innovative, profit driven and environmentally-friendly investment opportunities.

Electronic Accounts

Office paper is more expensive than you might think. What is included in the full cost of paper? There is the environmental cost of producing the paper and distributing it and all the obvious costs of using the paper including printing, copying, faxing and postage. Don't forget the costs of waste disposal! The full monetary costs associated with office paper eclipses the purchase price by over 20 times. But the environmental costs are far more worrying:

- Paper production is the third most energy-intensive of all the manufacturing industries, using 11.5% of all energy in the industrial sector.
- Every week, more than 500,000 trees are used to produce two thirds of newspapers that are never recycled.
- Each ton of recycled paper can save 17 trees, 380 gallons of oil, three cubic yards of landfill space, 4000 kilowatts of energy and 7000 gallons of water.

Despite the costs, we continue to use more and more office paper. Even with the rapid expansion of supposedly paperless technologies and electronic commerce, office paper use has grown dramatically in the past several years. Copy paper use alone has grown almost 30% since 1995.

What are we going to do about it? For our part, IFS has already

saved a great deal of paper by introducing the option to receive financial statements via email and redesigning the posted accounts to a smaller format.

Each year we are legally obliged to send out financial accounts to each shareholder. This equates to 300,000 sheets of paper per annum. By introducing the option to receive financial statements via email, we have managed to cut this consumption by 10% in just one year! Please fill in the coupon across and help us reduce our impact on the environment even more.

Please let us know if you change your e-mail address.

Data Protection

IFS is committed to protecting the privacy of personal information held on file and wish to take this opportunity to reiterate our commitment to your right to privacy under the Data Protection Act, 1988 & Amendment Act 2003.

IFS has never and will never make available any shareholder details to any other organisation except as required by law. If you would prefer to be removed from our mailing list, please contact our office and your request will be dealt with immediately.

Application for Financial Statements to be sent by E-mail

The Directors of the Irish Forestry Funds and Forestry Investment Plans are pleased to offer to the Shareholders the option of receiving their Annual Financial Statements and Chairman's Report by e-mail. In considering this option the Directors have taken the following factors into account:

1. Reduced costs for the company results in greater profitability for the Shareholders:
 - Less Printing Costs
 - Less Paper costs
 - Less Postage and Packing costs
2. Less delay in dispatching the Financial Statements and Chairman's Report to the Shareholders
3. Easier storage of accounts and more convenience for the Shareholders
4. Significant environmental benefits and a reduction in wastage

If you wish to receive your Annual Financial Statements and Chairman's Report by e-mail please complete the following and return this form to us by Post or Fax.

The Irish Forestry Funds and Forestry Investment Plans
Eblana House, Eblana Avenue, Dún Laoghaire, Co. Dublin, IRELAND
Tel: 01 284 1777 Fax: 01 284 5195 Email: info@irish-forestry.ie

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You may revoke your consent to e-mail communication at any time and revert to receiving your Financial Statements by post.

If you wish to proceed with this option please ensure that you have signed this form.

CHANGE OF ADDRESS

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It is important that shareholders notify the Registrar in writing if changing address, remembering to include Share Certificate Numbers on all correspondence.

Please let us know if you have received more than one copy of this newsletter Update.

If you do not wish to remain on our mailing list please contact us and we will remove your details immediately.

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