

IRISH FORESTRY SERVICES NEWSLETTER



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Second Forestry Investment Plan plc Completes Thinning

The Second Forestry Investment Plan has just completed the first thinning of one of its forestry plantations at Lorrha, Co. Tipperary. The operation was carried out over the Christmas period and involved the sale of over 1,000 cubic metres of timber in the form of stakes and pallets to a local sawmill. Thinning is an integral part of the management planning of all Forestry Fund and Forestry Investment Plan plantations.

Thinning is a vital operation that promotes the development of a well-formed final crop through the early removal of badly formed stems. It enables higher quality and thus higher value timber to be produced in later thinnings and at Clearfell thus maximising shareholder returns.

To thin or not and when?

Thinning depends on a number of factors relating to the stability of the crop and

where conditions are favourable, thinning has a major beneficial effect on the quality of the final crop.

Early removal of poor stems is of major benefit to the plantation as it increases the wind resistance of the crop and leads to the production of higher quality more valuable trees. Early first thinnings produce a low value product, which in many cases will not cover the cost of harvesting. Hence a balance must be struck between cost benefit and later thinning, when the stand is more mature and consequently produces higher value products such as stake and palletwood.

Modern Thinning

Thinning these days is highly mechanised. Chainsaw operators are now a thing of the past, replaced by Harvester and Forwarder machines which are faster, more accurate and safer than their predecessors.



A typical Harvester can select, cut down, cut off branches and crosscut in under a minute.

The economics of thinning

Thinnings provide revenue on a regular basis (every 3-5 years). Incomes from thinnings increase with each thinning operation, as the trees get bigger and more valuable. The graph illustrates the increasing price per cubic metre for a typical plantation. To maximise the benefits of thinning the operations must be carried out on time and by reputable contractors. cntd pg 4

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ROWAN



Distribution & Provenance

Rowan is a native species to Ireland and the rest of Europe. It has an extensive natural range from Iceland across to western Russia and from Morocco in north Africa east to Turkey and northern Iran. It is also known in Ireland as mountain ash although it is not related to ash (*Fraxinus excelsior*). In some parts of Ireland rowan is known as quicken. It is found at higher elevations (up to 900 metres) than almost any other broadleaved species. Native Irish provenances of rowan are used and recommended for planting in Ireland.

Silviculture & Management in Ireland

Rowan is a common tree in hilly, rocky areas and will grow equally well on acid or alkaline sites. Rowan will not tolerate waterlogged conditions and grows best on light textured brown earths and more fertile peats. It is tolerant of exposure and is often found in odd, inaccessible places such as cliff faces, steep river gorges and rocky outcrops. The seed is naturally distributed by birds that feast on the bright red berries produced in the autumn. Rowan is a

light demanding species and is rarely found surviving under the canopy of other species. Instead, it is often planted along plantation edges and roadsides to soften the visual impact of commercial plantations. It also regenerates naturally along forest roadsides and ridelines. Rowan is not considered a commercial species in Ireland and is rarely planted in groups of greater than a few trees. Instead, it is usually planted in a scattered fashion, providing diversity of colour and texture to the landscape and so is unlikely to require pruning or thinning. Rowan does not grow to a very large size, rarely more than 15 metres when mature. It is a coppicing species which means that when cut, new shoots will develop from the exposed stump.

Non Timber Benefits

Rowan, as a species tolerant of exposure, is often seen growing on field boundaries and around houses where it can be a useful provider of shelter. It is also a highly attractive tree, producing white blossom in the Spring and red berries in the Autumn. For this reason it is often grown as an ornamental tree in private gardens, along roadsides and in public parks. Rowan berries are traditionally used in the making of jellies and are fermented, yielding a drink not unlike perry. Rowan plays an important role as a native broadleaved species capable of growing on upland forestry sites and as such contributes to the maintenance and enhancement of biodiversity in these areas. As a small sized, light crowned tree, it is acceptable for public road side planting.

Position in Irish Forestry

Rowan is not a commercial species in Ireland but nevertheless plays an important role in upland forestry as one of the few broadleaved species suited to many of the sites utilised for commercial conifer crops. Its ability to regenerate freely means that it is ubiquitous in the Irish landscape, particularly in upland areas. The species is firmly rooted in Irish folklore and was traditionally planted around dwellings as it was considered to have protective qualities against danger. An old term for rowan was "fid na ndruid" or the "tree of the druids". Its Irish name "Caorthann" features in many Irish place names such as Drumkeerin or Ballykeerin. Rowan foliage may have been used as winter feed for cattle and during the famine was used as food for human consumption.

Uses & Markets

Rowan timber is extremely hard and dense and has a dark, purplish brown heartwood surrounded by a pale, yellowish brown sapwood. It rarely produces dimensions or quantities suitable for sawing and is therefore not considered as a commercial species. However, it is sought after by wood carvers and turners. Traditionally the timber was used in the manufacture of bows, spinning wheels, and other household utensils.

(Source: Department of Communications, Marine & Natural Resources)

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Carbon Energy Tax & Credits Update

The Minister of Finance, Mr Charlie McCreevy, TD, announced that a carbon tax would be introduced from the end of 2004.

"We have international obligations under the Kyoto Protocol to reduce greenhouse gas emissions. For this reason, the Government has asked the relevant Departments to advance the plans for a general carbon energy tax, with a view to introducing this from the end of 2004."

As the exact details of the tax are yet to be negotiated it is certain that energy generated from wood biomass will be exempt from the tax. This will mean that the relative competitiveness of wood biomass as a source of energy will be increased. Fossil fuels are likely to be hit in the following order - coal, oil, gas - reflecting the reducing CO2 intensity of these fuels.

As the main objective of the Kyoto Protocol is to reduce Greenhouse Gas Emissions, it is likely that we will see Irish forest owners benefiting from being awarded corresponding Carbon Credits which can be sold to those who incur Carbon Energy Taxes.

The Minister for the Environment and Local Government, Mr. Martin Cullen, T.D., stated that Ireland is not immune to the impact of global warming. "Our target under the Kyoto Protocol – to limit emissions of greenhouse gases to 13% above 1990 levels by 2008-2012 – can only be regarded as transitional. In addition to taking action now to reach this target, we must prepare for deeper cuts. Last May, along with the rest of the EU, we ratified the Kyoto Protocol, the only agreed multilateral approach to greenhouse gas reductions."

"We have to comply with the target of capping greenhouse emissions and this could run to about €260m a year for a five-year period. It is either that or face a €1.2bn fine within the next nine or 10 years," the minister said.

"We cannot keep burning away. We are 23% ahead of the 1990 emissions levels and heading for over 35%."

Minister Cullen said that nine EU countries had already adopted a carbon tax. Ireland's per capita emissions are among the highest in the world and that means we cannot argue our emissions are negligible in the overall scheme of things.

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IFS Irish Forestry Services Ltd appoints Chairman

Richard Hoare, formerly Managing Director of Bank of Ireland Finance Ltd and Operations Director of First Active plc has been appointed Chairman and Director of IFS Irish Forestry Services Limited. He is a senior executive with over twenty years experience in the banking and life assurance industries. He is also Managing Director of RMH & Associates Ltd and Chairman of The Farm Media Group Ltd.



from pg 1.

Poorly thinned plantations often result in downgraded prices from sawmills and consequently poorer returns to the owner.

The markets for the timber

Early thinnings generally produce low to medium value material in the form of pulpwood, stakewood and boxwood. Pulpwood is used to produce OSB, MDF and door fascias. Boxwood is used to make pallets and specialised products for the fencing market. Stakewood is used to make, as the name suggests, stakes. In recent years this has been a very lucrative market for early thinnings due to the increased demand for stakes from the farming and plantation establishment markets.

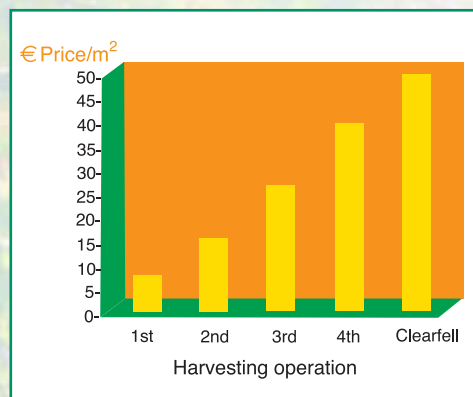
How did Lorrha perform?

The thinning of the Lorrha plantation benefited from a high proportion of long straight stems useful for stakewood. This operation will yield significant revenue to the Second Forestry Investment Plan, part of which has been reinvested in the property through the construction of a new harvesting road measuring some 300 metres and also through the clearing of drains around the site. The harvesting road, while expensive to construct, will provide better access to the plantation in future operations.

As the plantation gets older and is thinned regularly according to the management plan, the value of each thinning will increase. We anticipate thinning this stand again in 3 years

when we would expect the plantation to produce a high proportion of palletwood, less pulpwood and to start producing Sawlog (albeit a small proportion in this category). The intermediate income gained from the thinning at Lorrha is being reinvested in the property, through the building of the harvesting road. The thinning has also provided the remaining trees with more room to grow so that next time the plantation is thinned, in three years, the products will be of higher value.

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