



## Jim Power compares the Forestry Investment Plan Returns with the market

The economist, Jim Power compared five investment products and the Forestry Investment Plan Plc came out on top over the last ten years.

The past decade has been somewhat of a roller coaster in terms of investment returns. There has been unprecedented volatility as a result of the bursting of the dot.com bubble in 2001/2002 and then the implosion of the US sub-prime market from 2007 onwards. Many traditional investment markets have not

**“return on the IFS Forestry Investment Plan over 10 year period is very impressive”**

performed well and considerable investor wealth has been severely undermined. In that context, the 82.77% tax free return on the IFS Forestry Investment Plan over a 10-year period is very impressive.

To put it in context: In the 10-year period to 1/10/2010

An Irish Equity Fund	-41.5%
Average Managed Pension Fund	-1.15%
International Equity Fund	-19.41%
Fixed Interest Fund	+70.419%
Average Managed Property Fund	+11.743%
The Forestry Investment Plan Plc	+82.77%

If one invested €1 in the following funds 10 years ago, it would be worth the following today in gross nominal terms:

An Irish Equity Fund	worth 58.5 cent today
Average Managed Pension Fund	worth 98.85 cent today
International Equity Fund	worth 80.59 cent today
Fixed Interest Fund	worth €1.70 today
Average Managed Property Fund	worth €1.117 today
The Forestry Investment Plan Plc	worth €1.83 today

*One euro invested in The Forestry Investment Plan Plc 10 years ago worth €1.83 today.*



Paul Brosnan and Trevor McHugh of IFS Asset Managers

### THE ELEVENTH FORESTRY GROWTH PLAN PLC



## The Power of Real Growth

- Tax Efficient investment
- Minimum Lump Sum investment €750
- 12 year investment period
- Managed by IFS Asset Managers Ltd

The Eleventh Forestry Growth Plan Plc is open for subscription to Irish residents only.

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\*past performance is no guarantee of future returns

Providing you with continuous innovation in Irish forestry investment

## International Year of Forests 2011

The United Nations General Assembly declared 2011 as the International Year of Forests to increase the awareness of sustainable management, conservation and sustainable development of all types of forests including commercial, amenity and natural forests for the benefit of current and future generations.



Forests play an integral part of global sustainable development and over 300 million people worldwide live in forests, which cover 31% of our planet's total land area. The livelihoods of over 1.6 billion people depend on forests.

Conversion to agricultural land, unsustainable harvesting of timber, unsound land management practices, and the creation of human settlements are the most common reasons for the loss of forested areas and, according to the World Bank, deforestation accounts for up to 20 percent of the global greenhouse gas emissions that contribute to climate change. The United Nations FAO data estimates that the world's forests, and forest soil, store more than one trillion tons of carbon and are the world's largest carbon sinks.

The International Year of Forests aims to focus communities to come together with governments and international organizations to generate pressure and to create solutions for more sustainable managed forests, to ensure their continued survival and the habitats that they provide into the future.

To celebrate the International Year of Forests, various activities are being organised throughout the world to foster greater understanding and appreciation of the role of forests and to promote sustainable forest management practices. To find out more log on to the following sites; <http://www.treecouncil.ie> or the Forest Service at the Department of Agriculture Fisheries and Food <http://www.agriculture.gov.ie>

## Increase in Irish Forestry Exports

**Demand for Irish roundwood has increased over the past twelve months and this has been reflected in the growing prices achieved. In fact, roundwood prices have doubled from their June 2009 prices in most of the average tree size categories and with export demand growing there is now a shortage of supply in the Irish market.**



Although there has been a cooling off from the prices achieved in the Summer of 2010, market demand for

timber remains solid and prices remain favourable for growers. The number of General Felling Licence applications to the Forest Service during 2010 increased by almost 60% and the Forest Service have confirmed that these General Felling Licences have been issued for nearly 16,000 hectares for that period (compared to 8,000 hectares in 2009).

Since the downturn in the Irish construction sector, Irish timber processors including sawmills and boardmills have worked hard to develop export markets for their products.



As a result, Irish sawn timber is now being exported along with 90% of the output from Irish boardmills. The dramatic increase in demand for roundwood in Ireland over the past year reflects these developments and the success of our indigenous timber industry.

## Increase in Irish Forestry Exports *continued*

### Standing Contracted Prices by Average Tree Size, by Quarter

Category	2009	2009	2010	2010	2010
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
0.001-0.074	-	-	-	-	-
0.075-0.124	3.50	5.00	-	-	-
0.125-0.174	-	-	-	-	-
.0175-0.224	14.5	15.34	-	44.38	30.80
0.225-0.274	18.93	15.53	26.08	72.15	56.35
0.275-0.324	20.11	18.52	34.71	43.86	53.73
0.325-0.374	24.16	26.06	35.90	46.11	55.96
0.375-0.424	25.21	28.98	40.78	64.21	68.45
0.425-0.474	23.15	26.40	29.98	60.77	68.14
.0475-0.499	26.17	30.34	36.51	60.76	59.35
0.500-0.599	25.44	30.92	41.31	70.55	66.95
.0600-0.699	26.50	30.57	41.11	78.03	66.87
0.700-0.799	26.83	30.66	43.28	68.95	69.99
0.800-0.899	27.75	30.67	48.11	63.98	81.27
0.900-0.999	24.30	33.67	42.66	67.13	73.39
1.000 & Over	27.24	32.54	48.52	76.76	76.31
<b>Average €/m<sup>3</sup></b>	<b>25.28</b>	<b>29.24</b>	<b>41.26</b>	<b>67.59</b>	<b>65.90</b>

Note: The figures quoted above are for sales to the sawmill sector only and include all species and harvest types. The majority of prices quoted are for standing sales with retained pulpwood, i.e., there is no value for pulp included in these prices. Since the mix of species and harvest types can vary from quarter to quarter, this impacts on contracted prices in addition to the impact of other market factors.

The figure for each category per quarter is the total quarterly contracted volume divided by the total value for that quarter in that category size. (Source: Coillte)

According to the ESRI, over the period 2006 to 2008, 99% of the sawn timber and 66% of the panel products which were exported from Ireland were sold in the north of Ireland and in the UK.

Over the period 2007 – 2009, Irish sawmills utilised 70% of the roundwood which was processed in Ireland. The remaining 30% was made up of pulpwood which was used to supply the panel sector. In 2009, Irish sawmills processed 1.690 million m<sup>3</sup> of roundwood. This was used to produce sawn timber products for use in the construction, fencing, outdoor furniture and packaging sectors. In 2009, Irish sawmills produced 769,000 m<sup>3</sup> of sawn timber products. A further 80,000 m<sup>3</sup> of round stakes was produced. 564,000 m<sup>3</sup> of sawn timber was exported.

Key export markets for Irish sawn timber products are the UK and the north of Ireland. In recent years, Irish sawmillers have developed new products and new markets. In value terms, Ireland's market share of the UK softwood timber market grew by 46% over the 3 year period from a market share of 4.23% in 2007 to 6.16% in 2009. In volume terms, Irish sawn timber exports to the UK have increased from 389,000 m<sup>3</sup> in 2008 to 564,000 m<sup>3</sup> in 2009. It is estimated that this market will grow further in 2010. In addition, 82% of the wood panels which are produced in Ireland are exported. Key markets for Irish panel product exports are the UK and the Benelux countries. Ireland is the largest exporter of MDF into the UK marketplace.

(Source: IBEC [www.iffpa.ie](http://www.iffpa.ie))



## IFSAM Forestry Photo Competition

Photo Credit: Joanne Dunne



Following on from our very successful competition last year we are delighted to announce that the IFSAM Photography Forestry Photo Competition will launch on 1st March 2011.

This is especially fitting in that 2011 has been declared the International Year of Forests by the UN and we are delighted to help promote awareness and appreciation of Irish forests through the sponsoring of this competition.

Judging from last year's entries, there should be lots of scope for self-expression from the abstract to the obscure, from ingenious to bizarre! But hey, it's fun and that is the way it should be!

So dust off the snow and the frost and embrace springtime in Irish forests and get snapping!

You don't need any particular skills; no expensive equipment; nor access to any costly photographic studios, just a keen eye for a good photo in an Irish forest setting. You can take a photo of a whole forest or a small and detailed image of a bug on a leaf, just so long as it is connected in some way with Irish forestry.

So, if you've got a camera, any camera, and a willingness to get out into the woods and take a photo that you are willing to send into us, then please do. In return, the winner will receive a Canon PIXMA MG8150 Inkjet All-in-One Printer. All eligible entries will be available to view on our website with the winner being announced in early July. Full Terms & Conditions are available on our website at [www.irish-forestry.ie](http://www.irish-forestry.ie).

So to enter just get out there with your camera and get snapping (or if you already have a suitable photograph in your album then that's OK as well).

**PRIZE:** Canon PIXMA MG8150 Inkjet All-in-One Printer.

### HOW TO ENTER

- The shots must be, obviously, forestry related.
  - Photos must be least 2000 pixels on the longest side (most 8 megapixel cameras will give this size, without cropping). Shots smaller than this may still be included in the competition but can't be included in the exhibition that will be held after the competition is finished.
  - Rename your photograph to include your name with no gaps e.g. JoeMurphy1.jpg
  - Send no more than 5 photos per entrant
  - Email your photos to: [photo@irish-forestry.ie](mailto:photo@irish-forestry.ie) (separate emails for each shot may be required due to large file sizes)
- And lastly, though perhaps most importantly – get out there, have fun and good luck from us all in IFS Asset Managers.

### Terms & Conditions of entry

- See [www.irish-forestry.ie](http://www.irish-forestry.ie) for Full Terms & Conditions.
- Competition is open from 1st March 2011 until midnight on 30th June 2011.

## Government allocates €114.5 million for Forestry Programme 2011

There is an increasing acknowledgement of the important role the forestry sector plays in our economy.



Forestry offers long term benefits and opportunities beyond its immediate commercial value and it is a truly indigenous industry. Properly managed, forestry is a natural and sustainable resource that provides income for its growers, raw material for industry, a source of renewable energy and important environmental benefits, and it is also a valuable recreational resource.

The allocation by the Government of some €114.5 million to fund the forestry programme in 2011 is both acknowledgement of the importance of forestry and tangible evidence of the Government's continued commitment to forestry. This allocation is particularly significant given the prevailing economic challenges and the difficult, but necessary, decisions taken in relation to so many areas of public expenditure. Maintaining the allocation for forestry so close to the 2010 level, against that background, is clear recognition of the multi-faceted role of forestry and, in particular, of its potential to contribute to economic development. However, while that recognition is welcome, there is also now an onus on the sector to deliver on that potential so it is vitally important that we continue to work together to ensure the most efficient and effective use is made of these funds to deliver the maximum return for Irish forestry and the economy generally.

(Source: Extract from Forest Service News – Mr. Sean Connick, T.D., Minister of State, Department of Agriculture, Fisheries & Food)

## Irish Strawberry Tree (*Arbutus unedo*)



The Irish Strawberry tree is a small evergreen tree in the family Ericaceae and is native to the Mediterranean region, Western Europe, North to Western France and Ireland. It was introduced into British gardens in 1586 from Ireland and gained popularity there. It can grow up to 10 metres tall and produces unusual edible fruits which resemble strawberries which can be made into jams and preserves.

The fruit is red, approximately 1-2 cm diameter, sometimes called arbutus-berry and has a rough surface texture. The fruit is edible, though many people find it bland.

Unlike most of the Ericaceae, it grows well in limy soils. It is best planted in a sheltered position due to its late flowering. It also prefers well-drained soil and only moderate amounts of water. The Strawberry Tree is naturally adapted to dry summers, though also grows well in the cool, wet Irish summers.

## Change of Address or email



Don't forget to let us know if you change your address or email.

It is important that Shareholders notify the Registrar in writing if changing address. Please remember to include Share Certificate Numbers and your signature on all correspondence. 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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## Spread the Word !

The Irish Forestry Funds are designed to encourage and promote Irish forests to Irish people through collective ownership in order to ensure that the tax efficiencies inherent in commercial forestry are available to as wide an audience as possible.

Whilst you may not wish to take advantage of investing in the Eleventh Forestry Growth Plan, which is due to be launched in March, you can help promote forestry ownership by passing this newsletter and any other published material to someone you know - recycling at its best!

Let us know what you would like to read about in our next newsletter - contact us at [info@irish-forestry.ie](mailto:info@irish-forestry.ie)