

IRISH FORESTRY SERVICES UPDATE



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IFSAM Teams up with The Mentor Group

IFS Asset Managers (IFSAM) has teamed up with the Mentor Group to provide mortgages to its clients and the shareholders of the Irish Forestry Funds and Forestry Investment Plans.

Following the success of Forestry Fund site sales, some of which had structures in varying states of disrepair, we received a fair amount of feedback stating that it would be a good idea to have a one-stop shop for finance and mortgages to facilitate the purchase of these sites. Hence IFSAM and the Mentor Group have developed a mortgage package to facilitate shareholders who are purchasing sites from the Forestry Funds. But it doesn't stop there. If you

are considering a new mortgage for any reason we can help with that as well.

The IFSAM/Mentor mortgage package includes related services, from mortgage application to home insurance, property valuation and legal services. We aim to provide a truly professional service to clients in their quest for property finance.

So if you are currently, or in the near future, considering the purchase of a Forestry Fund site, a new mortgage, remortgaging your existing property for investment purposes or buying abroad, then why not avail of the discount purchasing power of the 17,000 members in your forestry group scheme. For further details see the Member's benefits section inside this newsletter.



Trevor McHugh IFSAM, Michael Hoare of The Mentor Group and Paul Brosnan IFSAM.

Call us now on 01-2841777
or using your enclosed members card
log onto our website at

www.ifsmembers.ie

We would be delighted to help you.

THE FORESTRY GROWTH PLAN PLC

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- **Minimum Lump Sum investment €750**
- **12 year investment period**
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The Forestry Growth Plan Plc is open for subscription to Irish Residents only.

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*Providing you with continuous
innovation in Irish forestry investment*

* Past performance is no guarantee of future returns



A COMPARISON

The Forestry Growth Plan V's The Forestry Investment Plan

The Forestry Growth Plan has launched and you should have received your copy of the Offering Document by now in the post. It is also available to download from our website.

1. What is the Forestry Growth Plan plc?
The FGP is a 12 year forestry investment opportunity which will focus primarily on the acquisition of semi-mature forestry (15-20 years of age) with less of an emphasis on bare land acquisition for subsequent planting.

2. Why change from the highly successful Forestry Investment Plans?
The Forestry Investment Plans were designed to acquire approximately 50% of bare land on which to plant new forests, with the other 50% in young forestry (5-20 years of age). The price of bare land over the last two years has increased significantly and has made the planting of new forests less financially attractive for investment. The effect of purchasing older forestry means that the investment timeframe has increased to 12 years so

that the forests are closer to clearfell age when the Forestry Growth Plan matures.

3. The Forestry Investment Plans were 10 year investments, why are the Forestry Growth Plans 12 year investments? The returns from forestry are derived from the organic growth of the trees and the market value of timber. Due to the age profiles of the forestry being acquired for the Forestry Growth Plan, the twelve-year period was seen to provide a better rate of return for the shareholders.

4. Why is semi-mature forestry better value than bare land? Over recent years the competition for bare land has

increased considerably pushing prices up.

This is due to a number of reasons:

- Competing farm grant schemes e.g. REPS
- Competing land uses
- Speculative investment

Another reason for semi-mature forestry offering better value to the investor is that stamp duty exemptions apply for the aquisition of forests unlike bare land where the full rates are incurred. While some stamp duty still has to be paid for the underlying land that is being acquired, it is very much reduced in comparison with bare land acquisition.

Forestry Investment Plan	Forestry Growth Plan
10 year term	12 year term
50% bare land, 50% semi mature	85% semi mature, 15% bare land
Stamp duty on purchases of bare land	Significantly reduced stamp duty
Tax exemptions on profits from commercial forestry	Tax exemptions on profits from commercial forestry
Bare land acquisition – Market contracting, less value for money	Semi mature forestry acquisition – Growing market – excellent value for money

BIRCH

Betula pubescens Ehrh & pendula Roth

Distribution and Provenance

There are two species of birch native to Ireland. These are downy birch (*Betula pubescens*) and silver birch (*Betula pendula*). The two species are very similar and often confused. However, silver birch is more common on better soils, dry fen, peats and sheltered areas. Downy birch is more commonly associated with exposed areas such as mountains. However, both are distributed widely in Ireland. Downy birch has an extensive natural range, incorporating the whole of northern Europe and Asia. Silver birch is an European species, extending south to the Mediterranean and east through northern Turkey to the Caspian Sea. Virtually all birch that is currently planted in Ireland is of Irish origin.

Silviculture & Management in Ireland

Birch is easily established and regenerates freely from seed that travels long distances on the wind. A large tree can produce up to one million seeds in a year, but only a few of these will germinate and grow into mature trees. Favourable conditions for birch natural regeneration are fertilised cutaway midland peats where growth can be prolific and vigorous. Once established, birch grows with great speed for the first 15 to 20 years and often can have grown to 10 metres in height after only 10

years. It is a strong light demander and will not grow in the shade of other species. In pure birch stands, self thinning will occur. Birch is not a long lived species and rarely lives beyond 80 years of age or grows to heights of greater than 20 metres. It is vulnerable, when young, to browsing by cattle, sheep, deer and large herbivores.

Non Timber Benefits

Birch fits naturally into the Irish landscape. It is a pioneer species, being one of the first species to colonise bare or unused ground. It is a soil enhancing species with an ability to efficiently recycle nutrients, continuously improving or restoring soil fertility. Birches support a large community of insects and other invertebrates, with 334 species known to feed on them. Birch is also widely planted as an ornamental urban or roadside tree. Birch bark was traditionally used in the tanning of leather. The spring sap has been used traditionally in beer making and is also used in dental products.

Position in Irish Forestry

For many years birch was considered a weed species in Irish forestry. It was cleared out of commercial conifer plantations and planted as a screen species along roadsides and forest boundaries. In more recent years, its values as a timber tree, an enhancer of biodiversity, a suitable component of sensitive sites and a broadleaved species which tolerates poor sites have been recognised and it is gaining favour among Irish foresters.

Uses & Markets

Birch produces a pale, lightish brown timber with straight grain and uniform texture. It is not naturally durable and therefore its uses are generally for indoor purposes. However, it is a popular timber for use in rustic furniture. Birch, because of its light, stainless nature, was traditionally used by the textile industry in the manufacture of spools, bobbins and reels. For the same reasons it is used in the manufacture of kitchen utensils and surfaces. Traditionally, fresh birch twigs were used, bound to a pole, as a broom. The twigs are also used in the construction of fences for steeple chasing. In Scandinavia, Russia and the Baltic states, birch timber is peeled to produce plywood veneer. In those countries it also forms an important component of the species mix used by pulp mills. Its naturally pale colour means that less bleach is required in the paper making process.

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



MEMBERS BENEFIT SCHEME

- Strength in Unity

Our position as Ireland's largest independent forestry asset management company puts us in a unique position to provide you with a package of mortgages and ancillary services. Because you are one of the 17,000 IFSAM clients or Forestry Fund Shareholders you have massive purchasing strength as part of a much larger group. Strength in unity was never a more appropriate term!

IFSAM have secured a deal with Galaboo, the online benefits provider, to use our group purchasing strength to obtain significant benefits to you, our members. These benefits include discounted offers and special deals which are provided to you through a secure members portal. Throughout 2006 and beyond, the range of services on offer will become even more comprehensive.

To avail of the IFSAM Members Benefits Scheme you will need access to the website portal which has been designed as a trusted trade environment where members can see the offers and interact with the deal providers.

Keep this card safe as it will be needed to avail of some of the discount offers available at retail outlets throughout the country.

Please sign the reverse of the card and keep it safely for use by you and your family. This card also has the password which is a six-digit code and a username which you will be asked to provide before you enter the Members Benefits Scheme portal.

Members can expect huge savings on insurance, mortgages, car prices, legal services and a whole range of other offers.

Log onto the site at
www.ifsmembers.ie

Enter the six-digit code to see the offers available to you as a member. This is a generic username for all IFSAM clients so as to ensure that your personal details have not been disclosed to any third party. The security and privacy of your personal details remain a priority.

Issued by IFSAM, Eblana House, Eblana Avenue, Dún Laoghaire, Co. Dublin.



IFSAM would like to send you details on other new products and services it will be offering in the future. If you would prefer not to receive this information, please tick this box and return to us at IFSAM, Eblana House, Eblana Avenue, Dun Laoghaire, Co. Dublin. Or fax it to us at 01 2845195 and print your name and address clearly here:

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AN INTERVIEW WITH MICHAEL HOARE

Mentor Property Finance



Q. Why is property such a popular choice of investment?

A. The Irish appetite for property continues unabated! The reasons for this are complex and are very closely related to the general vibrancy of the economy.

A major contributor to this growth is the fact that access to the mortgage market has improved enormously. Consider the following recent trends

- The introduction of 100% mortgages for first time buyers.
- Equity release used to help children onto the property ladder, or to address home improvements.
- Debt consolidation.
- Investors seeking 'buy-to-let' properties in Ireland and abroad.

Q. What is your view on the trend towards foreign property investment?

A. It is essential for the investor to research any property developer's 'sales pitch' and to validate the claims being made. Seek professional advice to ensure that you are in possession of all the facts before you make your decision. Issues such as; the payment terms, availability of competitive mortgage packages, legal arrangements regarding title and succession rights, recurring management costs, letting services etc. must all be considered so that your property will yield enough to cover outgoings and indeed enjoy an increase in value. There are certainly some very attractive foreign opportunities available via reputable companies, however it is advisable to take the time to identify who these companies are.

Q. How do you see the interest rate affecting the Irish property market in 2006?

A. The outlook for 2006 suggests a significant change in the interest rate climate affecting Irish borrowers. To fix or not to fix, that is the obvious question. Given that knowledgeable observers predict a full one percent increase in the base rate during the year, borrowers must make a judgement as to where the rate is going beyond this year. The general increased wealth in the economy, the recent generous budget and also the maturing SSIA's in 2006/2007, will all help in meeting the challenge presented by a more volatile interest rate environment.

Q. What are the key market developments to watch out for in the coming year or so?

A. As well as the continued growth in the general mortgage market, a number of key niche markets will emerge as significant:

- **Equity release:** For retirement provision, home improvements, other opportunities.
- **Parent Power:** Many parents are buying investment properties that they intend to transfer to their children at a later date. It is a case of buy today so that your children can benefit from the capital appreciation in the future.
- **Wealth transfer:** This concerns pension backed mortgages whereby, the borrower pays interest only on the mortgage and repays the capital ultimately from the proceeds of a pension plan. Company directors can increasingly avail of the facility to fund a personal property

purchase from a Directors Pension funded by their company.

- **Specialist lending:** Due to a multitude of factors, many people do not qualify for the standard mortgage products. This market is now well served by a number of specialist lenders.

IFS - IFS Asset Managers Limited is regulated by the Financial Regulator as a mortgage intermediary.

Mentor - Mentor Property Finance Limited is a mortgage intermediary regulated by the Financial Regulator.

The Mentor Group has negotiated an amazing and exclusive mortgage package for IFSAM members.

This includes:

- Legal fees from as low as €1350 plus outlay & Vat for House purchases.
- A discount of .85% off the current variable rate for 2 years followed by a choice of excellent rate options. As a member, you save hundreds off your monthly repayments.
- The Mentor Group will also pay your valuation fees.
- Competitive Insurance Rates

If you are buying your first home, thinking about an investment property or re-mortgaging, then enjoy the benefits of your group purchasing power with IFSAM and the Mentor Group.

"The Grey Squirrel: ethnic cleansing and biological warfare."

by Pierre Prouteau and Daragh Little

The Grey squirrel (*Sciurus Carolinensis*) well known amongst Foresters as the "Tree Rat", the Grey squirrel continues to damage our broadleaved forests and ecosystems in its tactical and destructive march to invade the old continent.

Originally from the Eastern United States, this rodent was first introduced to Ireland in 1911 at Castle Forbes Co Longford. Its voracity, aggressive character, adaptability and greater size have made him an unbeatable threat for our native Red squirrel (*Sciurus Vulgaris*).

Diet and habitat

The Grey Squirrel is omnivorous; it feeds on nuts, flowers, fruits, seeds, tree bark and fungi. The Grey is also a remorseless predator and has been observed eating frogs, bird eggs and nestlings at the peak of their breeding season.

Pushing the Red to extinction

It is said that the Grey squirrel has the equivalent of a biological weapon. The parapox virus (for which no vaccine is available) is carried by the immune Grey squirrel and passed on to the Red. Skin ulcers, lesions and scabs with swelling and discharge around the eyes, mouth feet and genitalia are some

gruesome symptoms found on the dying reds. They become increasingly lethargic as the virus progresses and they usually die within 15 days. This can speed up the rate of extinction of the Red by 17 to 20 times!

The "irretrievable loss of native biodiversity" caused by the Grey's spreading throughout Europe awarded it a place in the 100 World Worst Invasive Alien Species list; ranking good second to the Norway Rat (*Rattus norvegicus*) as worst European threat.

Damage to Irish Forests

Grey squirrels damage the trunk and branches of young broadleaved trees especially Beech and Sycamore by biting and bark stripping thus exposing the soft tissue underneath.

How can it be controlled and how can we save the Red?

Various control methods have been tried. In Italy, the government offers a reward for tails, without much success. More typically, trapping is used though this has proved frustrating and often ineffective where population densities are high. Poisoning is not recommended as it is indiscriminate, killing not only the Grey but also the

Red and other native fauna. The Grey is particularly fond of broadleaved species such as Beech and Sycamore so less planting of these susceptible species is carried out in areas at risk. In these areas species such as Oak, Birch and Ash are often planted.

It is ironic that to conserve the Red the planting of non native spruce and pine is particularly helpful. The Red squirrel's diet consists mostly by spruce and pine seeds (up to 85% of their diet). They are also fond of Oak, hazel and beech nuts.

Grey Squirrel is no longer a forestry issue but a matter of biodiversity and the conservation of Native Species. Now that we've opened the door of Europe to the Grey Squirrel's invasion, ethnic cleansing and biological warfare; its extermination is a word on the lips of anybody with an interest in broadleaved forestry and conservation of the Red but under heavy lobbying from the public which continues to see the forest as another movie set for Walt Disney Classics, who will dare to take action?