

IRISH FORESTRY SERVICES UPDATE



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PROPERTY PARTNERS FORM MULTI MILLION EURO DEVELOPMENT LAND SALE ALLIANCE



Trevor McHugh

Managing Director, IFS Asset Managers Ltd.

IFS Asset Managers, Ireland's largest independent forest asset management company has formed an alliance with independently owned Property Partners to market its bank of non-forestry sites with development potential. This involves the sale of approximately 120 sites located throughout the southwest

and northwest of Ireland estimated to be worth €3.5 million.

Property Partners, experts in rural property sales, comprise 62 auctioneering agents throughout the country and will give IFS Asset Managers access to a national network of property agents. Commenting on the partnership agreement, Trevor McHugh, Managing Director of IFS Asset Managers said "we have taken a pragmatic approach to maximising land assets for our fund investors. The sites that have been identified for sale range from land that is more valuable for housing than forestry and a number of the sites have derelict property situated on them. This alliance with Property Partners will benefit our Irish Forestry Fund investors with the sale proceeds being reinvested to acquire additional forestry assets."

Commenting on the placement of the various properties onto the market, Louise Noble of Property Partners said, "Strategically this alliance with IFS Asset Managers is a great fit for the Property Partners brand. The unrivalled local experience of Property Partners auctioneers in the area of land sale will ensure the smooth, efficient and expert sales service of these sites to the customer".

The sites for sale were originally purchased by IFS Asset Managers as part of overall lots for the purpose of forestry plantation and have been identified by IFS as a potential additional revenue source of approximately €3.5 million for the Irish Forestry Funds. This additional funding will bring IFS Asset Managers total investment in private forestry to €25 million over the last two years.

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THE TWELFTH FORESTRY INVESTMENT PLAN PLC

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The Twelfth Forestry Investment Plan PLC,
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Providing you with continuous innovation in Irish forestry investment

*Past performance is no guarantee of future returns



In 2004, IFS sold a number of sites and derelict cottages belonging to various funds and plans. Examples of the prices achieved are set out in the table below:

County	Acreage sold	Price achieved
Leitrim	0.932	€39,000
Limerick	5.0	€56,000
Limerick	2.3	€31,296
Longford	1.245	€35,000
Limerick	1.09	€22,000
Clare	0.65	€31,745
Mayo	1.349	€25,000

Why does IFS sell sites? The answer is simply that it is the most efficient way to get the best return for shareholders. Some plots, (the average size is between 1 and 2 acres) are more suitable to development than forestry, this may be due to houses already built on the land or the natural beauty of the surroundings. Either way, the sale of these plots injects extra capital into the respective fund or plan to which it belongs and enables the company to buy even more land for afforestation.

IFS Asset Managers currently administers about 14,000 acres across

Ireland and only a small fraction of this is used for site sales.

Currently there are sites available for sale in the following counties:

Cavan, Cork, Donegal, Mayo, Roscommon, Sligo, Galway, Kerry, Laois, Tipperary, Waterford, Westmeath, Leitrim, Limerick, Longford.

For a full listing of the sites available please refer to our website, www.irish-forestry.ie. This listing provides the contact details for the Property Partners agent dealing with each site.

Savings for our Shareholders

The previous article on sites for sale through Property Partners exemplifies one of the ways IFS is managing assets to maximise benefits for our shareholders.

In the last edition of IFS Update, we informed you about our endeavours to reduce office paper consumption. In one year, we managed to cut this usage by 10%, by simply offering an option to our shareholders to receive financial accounts via email instead of in the post.

If you have not already availed of this option, please fill in the coupon on the back page and help us save some more trees!

The savings will be passed on to you!

A further way we are saving on costs for the future is by investing more time and effort into our website and e-commerce capabilities. We recently performed a full redesign of our site to make it more accessible and relevant.

www.irish-forestry.ie

- Historical information on each Fund and Plan.
- Online maps showing lands purchased for each Fund and Plan.
- Latest audited accounts for each Fund and Plan.
- Printable prospectus and application form for new Plans (during share issue).
- Procedure for selling shares fully explained and necessary documentation downloadable.
- Full listing of all sites for sale, together with respective Estate agent contact details.
- Printable administrative forms for shareholders use.

We are very pleased with our new-look site and have further plans to introduce new options to improve its usefulness to shareholders on an ongoing basis. However, if you have any suggestion for ways to improve/expand on our current offering, we would be delighted to hear for you. Please address your comments to The Webmaster, IFS Asset Managers Ltd, Eblana House, Eblana Avenue, Dún Laoghaire, Co. Dublin or email us at info@irish-forestry.ie.

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YEW (*Taxus baccata* L.)

Distribution & Provenance

The Yew is one of only two conifers that are native to Ireland, the other being juniper. The species has a natural range from southern Scandinavia to the Mediterranean and from Ireland to the Ural mountains. It is a very variable species with lots of different provenances and clones displaying different growth characteristics and shape. The seed for virtually all Yew planted in Ireland is collected locally.

Silviculture & Management in Ireland

Yew is a highly adaptable species that will grow on both acid and lime rich neutral or alkaline soils. However, on alkaline sites, it is dependent on the availability of a nutrient rich humus layer. It prefers a good free draining soil but again, is quite versatile and can find anchor in the most unlikely places such as the Burren in Co. Clare where it grows more as a low bush than as a tree. Planting of Yew for timber production requires careful selection of an appropriate seed source as the species is highly variable in terms of stem form, branchiness and vigour. Yew does not do well on exposed sites and very rarely grows to a height greater than 20 metres. It is a light demander and, given favourable conditions, can grow in diameter (at breast height) by up to 0.5 centimetres per year.

Fresh Yew leaves and bark are highly palatable to herbivores, particularly deer, and considerable damage can be caused by their browsing. However, cut Yew foliage is poisonous to animals and Yew berries are poisonous to humans.

Non Timber Benefits

The bark of the Yew tree contains Taxol, a very powerful anti cancer drug. Taxol has been demonstrated in trials to be effective against ovarian, skin, breast and colon cancer. Because of its complex structure, chemical synthesis of Taxol is

currently not possible and the only source of this material is the bark of the Yew tree. The fresh leaves and bark of the Yew tree are a popular food for many different herbivores. Similarly, the Yew berry is an important food source for many species of birds and wood mice in particular. As one of Ireland's only two native conifers and because of its extraordinary longevity, Yew has a very high heritage value.

Position in Irish Forestry

Yew is not planted commercially in Irish forestry. However, Irish foresters and other scientists are exploring methods of growing Yew for the production of Taxol. Yew is a common species found in many native Irish woodlands. However, it is more frequently seen as a planted tree, as opposed to a naturally seeded tree, in urban or suburban settings. The remains of some impressive estate avenues of Yew can still be seen, for example at Kilmacurra, Co. Wicklow. Yews have been associated with places of sanctuary in Irish history and are commonly found planted in church yards. Newry and Youghal are anglicised versions of its Irish name, Iúr. Similarly, Terenure in Dublin is the anglicised version of Tír an Iúir, the country of the Yew. Yew was highly placed in the Celtic classification of trees and shrubs.

Uses & Markets

Although Yew, as a conifer, is classified as softwood, it is in fact harder and heavier than most commercial hardwoods. The timber varies in colour from a light toffee tan to rich red. These colours, allied with a characteristically distorted and swirling grain make it a particularly attractive timber for turned craft products such as ornamental bowls, lamp stands and door handles. Traditionally, Yew was the timber used in the manufacture of archery bows but these are now made from synthetic materials. Worked bog Yew is highly valued for wood sculpture.

Source: The Forest Service, Department of Agriculture, Food & Forestry.

IFS ASSET MANAGERS LTD
HAS A NEW LOGO.



IFS
ASSET
MANAGERS

The new IFS logo has been designed to reflect the strength of the assets we manage. It symbolises our progressive philosophy and our commitment to providing solid environmentally friendly and profitable opportunities for our investors in a socially responsible manner.

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/online/docs.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.

LIQUID BIOFUELS

a future market for wood resources

Ireland needs to expand its renewable energy development to secure future supplies and to meet our Kyoto commitments. Bioenergy is an important area in this regard and there are a number of biomass resource types, particularly woody materials (forest residues, wood industry residues, purpose grown woody energy crops, etc.) that can be usefully exploited.

The recent government award of excise relief for biofuel projects may not seem to be relevant in the context of exploitation of wood based resources for energy. However, developments in conversion technology will link woody materials and biofuels as is elaborated below.

The pilot excise relief programme is targeted at existing technologies that can deliver biofuels into the transport fuel market over the next two years. Pure plant oil used in modified diesel engines is the largest category under the scheme with 6 million litres per year to be excise free.

Biodiesel and bioethanol blended with fossil diesel and petrol respectively are being trialled at a smaller scale, each category being assigned 1 million litres per year to be excise free. The resources that are relevant in terms of the development of pure plant oil, biodiesel and bioethanol include oil seed rape, recovered vegetable oil, tallow, wheat and sugar beet. The importance of the pilot excise relief programme is that it signals the development of a biofuels industry in Ireland through the establishment of a basis for future growth.

So what has this to do with wood biomass and wood energy? The answer to this can be seen through a review of technological developments in biomass conversion. Two of the principal strands of development in this regard are thermochemical transformation based on gasification, and biochemical transformation of lignocellulosic materials.

In the former, woody materials can be converted by gasification to produce a synthesis gas from which a variety of fuels and chemicals can be produced. One avenue that could become significant here is the transformation of the synthesis gas to synthetic diesel by applying the Fisher Tropsch process, a technology that is already well developed. The benefit of this approach is that the synthetic diesel will be able to directly replace fossil diesel, using the existing fuel distribution infrastructure and without requiring specific engine modifications for its use. In the case of biochemical transformation, development is ongoing on the conversion of lignocellulosic material to simple sugars from which ethanol can be produced through fermentation. The ethanol could be blended with petrol, as in the existing excise relief scheme, and distributed in the existing transport fuel infrastructure. Bioethanol could also be an energy carrier for fuel cell powered vehicles of the future. The successful development of these two technology pathways will be a significant milestone in the utilisation of biomass, particularly woody materials. It will help to improve the competitiveness of bioenergy compared to fossil fuel through the utilisation of lower cost resources. At the same time the products that can be derived from these resources will be greatly expanded.

In essence, rather than being combusted to recover their useful energy, woody materials will become the basis of a bio-industry that will provide fuels and chemicals in a sustainable way. The products of forestry will be the resource that can provide any one of the three major forms of useful energy – electricity, heat or transport fuels – in addition to providing biomaterials as replacements for products from conventional oil refineries.

Pearse Buckley,
Project Manager,
Biomass,
Sustainable Energy Ireland.

Less Wastage & Less Cost

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 Shareholders the option of receiving their Annual Financial Statements and Chairman's Report by e-mail. Less wastage - less cost.

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.

If you have given us your consent in the past, there is no need to resend unless you have changed your email address.

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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CHANGE OF ADDRESS

Irish Forestry Funds and Forestry Investment Plans, Eblana House, Eblana Avenue, Dún Laoghaire, Co. Dublin
Tel: +353 (0)1 2841777 Fax: +353 (0)1 2845195
E-mail: info@irish-forestry.ie Web: www.irish-forestry.ie

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