

EXTRACT FROM THE Sunday Business Post 22nd February 2004

Money trees for Irish investors

If you plan go down to the woods to invest then you had better start planning ahead. The Forestry Investment Plans, which provide tax free lump sums and project rates of return of 9 per cent, are being sought by investors as well as those interested in ethical and environmentally friendly investment.

Last summer, the Eighth Forestry Investment Plan was heavily oversubscribed prior to its closing date of 30 June. Although the Ninth Forestry Investment Plan is not yet available, this is again expected to be the case this year.

According to Irish Forestry Services, an increasing amount of young, or semi-mature, forestry is being traded in Ireland as the industry develops further. "Up to ten years ago, very little private forestry existed in Ireland. Now the majority of planting work is being carried out by the private sector. Inevitably some forest owners will want to sell their plantation prior to maturity and other investors may wish to take advantage of the opportunity in the semi-mature market to reduce their investment period."

Forestry investment plans are designed to be low risk for the shareholders as they not only help meet a growing demand for timber in Ireland and the EU (timber is the second largest import into the EU after oil), but they also avail of EU and Irish government grants. In addition, these plans support the EU and Irish government strategic development plan to increase Irish afforestation levels.

Shares in the forestry plans are freely transferable as the company is a Public Limited Company. In addition, shares can be purchased on behalf of others (such as children and grandchildren).

Given the 10-year term, the forestry investment plan will not suit investors who may need to access their money in the short term. It may however suit individuals who wish to have a lump sum in 10 years (for a down payment towards school fees, or a wedding, for example).

According to Irish Forestry Services, the projected rate of return for the Ninth Forestry Investment Plan Plc is around 9 per cent - a projected real growth rate of 4.7%, and an imputed inflation rate of 4.3% compound per annum.

"This equates to in excess of €9,041 on an initial investment of €3,750," said the Irish Forestry Services, adding that this projected rate is not guaranteed and should be considered in conjunction with the assumptions as outlined in the prospectus."