



FACT

Forestry Acquisition
Consolidation & Timber

PRIVATE FORESTRY CONSOLIDATION
INVESTMENT OVERVIEW

Green Belt

YOUR FORESTRY · YOUR FUTURE

THE PROBLEM

Global research indicates that **demand for timber is growing**, driven by market forces, sustainability legislation, and technological developments. Ireland, while a prime location for forestry, is currently structurally ill-prepared to capitalise on this significant opportunity. The country's private forestry estate is fragmented - a significant portion of Irish forestry cover is comprised of small parcels of land in private ownership, making it difficult to efficiently commercialise as an asset.

THE SOLUTION

Green Belt Ltd - Ireland's leading private forestry management company - have created the **FACT (Forestry Acquisition Consolidation & Timber)** initiative with the specific purpose of harnessing this opportunity. The FACT initiative involves the creation of a company to consolidate, manage and ultimately bring Irish timber products to the market in an efficient, sustainable, and professional manner.

THE OPPORTUNITY

The market for all timber products is expected to increase progressively over the next 15 years¹. The demand for wood biomass to satisfy European renewable energy commitments is projected to double by 2020².

The COFORD Roundwood Production Forecast 2016 – 2035 estimates that there will be an increase in the Net Realisable Volume (NRV) from today's **3.95 million m3** to **7.86 million m3 in 2035**³.

Ireland's private forestry estate has an increasingly important role to play in the delivery of material to the Irish and UK timber market. Currently providing approximately **16%** of the Irish market, by 2027 the private estate will be supplying **50%** of the projected available harvest⁴.

However, the increasing level of demand for material will be in excess of supply.

This is the opportunity we are seizing.

INVESTMENT OVERVIEW

Participants are invited to invest in **blocks of €20,000** for a period of **10 years**.

Green Belt Ltd will administer the activities of FACT, including all acquisition, negotiation, mapping, inventory and scheduling of harvesting and maintenance operations. Our team of professional Foresters and in-house Geographic Information Systems (GIS) experts are perfectly positioned to provide the necessary details to fully inform investment decisions.

INVESTMENT OVERVIEW

For your investment, you will own a share of a collective of carefully chosen semi-mature forests. FACT will manage the forestry on your behalf to ensure optimal growth rates & maximise profits. As FACT will acquire semi-mature plantations, we are factoring in a 10 year period before harvest. Once mature, we will harvest the trees & organise the sale of the timber to the best available market. Where land is part of the acquisition, the land will be sold off post-clearfell with profits accruing to investors.

INVESTMENT AMOUNT

€20,000 minimum

TARGET RETURN

5% Internal Rate of Return (IRR)

TIME SCALE:

10 years

THE PROPOSITION

Green Belt is presenting an opportunity to consolidate fragmented areas of the private forestry estate across Ireland into more productive and efficient blocks of forestry – known as **Clusters**.

20/20/20

The focus of the acquisition will be forests of **20 years old**, of **20 acres in size** and **yield class 20**⁵. Participants will benefit from the biological growth in the timber, the appreciation in value of the timber, and the security of an investment for the future in a tangible asset that generates positive results.

1 Forestry Forecast, 2016 – 2035; Coford

2 SEAI, 2018

3 Forestry Roundwood production Forecast 2016- 2035; Coford, 2016.

4 Forestry forecast, 2016 – 2035; Coford

5 Yield class is defined as the potential growth rate or yield of a forest, expressed as cubic meter per hectare per year. There will be some flexibility in the selection of forestry for acquisition, with these criteria used as a guideline.

TIMBER PRICING

While there have been fluctuations in Irish timber pricing over the last 10 years, the data confirms that there has been a consistent upward trend in timber values.⁶

For the private estate, this is a positive as demand for timber is forecast to increase globally. According to the FAO (the Forestry and Agriculture Organisation of the United Nations), world consumption of wood products will rise by **60%** over the next 25 years (to 2040).

ABOUT GREEN BELT

Green Belt Ltd is Ireland's largest private forestry management group. Since 1982 Green Belt has established more than **400,000 acres** of commercial forestry for almost **10,000 private and institutional clients** across Ireland.

Over our 36 years, we have managed forestry investment for individuals, institutions and pension funds across Ireland, the UK and further afield including in Panama, Central America. We have assets under management of c. **€500 million** and are continually evolving our service offerings to provide an enhanced customer experience in forestry investment.

LEGAL STRUCTURE

The structure of this acquisition will be a standard limited company, limited by shares, and will trade as Green Belt Forestry Acquisition Consolidation & Timber (GB FACT). Persons are invited to subscribe for A ordinary shares with no preemption or voting rights. The initial investment will target **€2.02 million** for the consolidation of assets. The minimum investment amount to commence the business will be **€200,000**.

Green Belt Ltd will be manager and administrator of the limited company.

TAX INFORMATION

- **Income tax:** S232 Taxes Consolidation Act 1997 (TCA) provides an exemption from Corporation Tax (CT)
- **Capital Gains:** Arises on the sale of land.
- **Value Added Tax (VAT):** Exempt
- **Relevant Contract Tax (RCT):** Applicable

ACCOUNTANTS

Eugene Doyle, FCA, QFA, Doyle Fielding Chartered Accountants, Abbey Square, Enniscorthy, Co. Wexford

TAXATION ADVICE

Brian Hennebry & Associates, Waterford

LEGAL SERVICES

O'Sullivan Murtagh Solicitors, Cootehill, Co. Cavan and Carrickmacross, Co. Monaghan.

COMMERCIAL SOLICITOR

JRAP O'Meara

EXIT STRATEGY

FACT will operate for a period of **10 years**. The clearfell of the timber will mark the end of trading. A fixed end date for these operations will not exceed 12 years – market conditions may dictate a delay in clearing the forest.

Each of the forests acquired will be of similar age with similar growth rates. Therefore, it is likely that the majority of clearfell operations will take place between years 9 and 11.

Thinning operations will take place as determined by the detailed management processes applied to the portfolio by Green Belt.

Any variation on the management or sale of the assets will require a 67% majority ruling from shareholders. Returns from this initiative will be issued as dividends. The earnings from forestry and timber are tax free currently.

TARGETED RETURN: 5%

For inquiries or a complete prospectus, please contact:

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