

THE FORESTRY GROWTH PLAN PLC

(Incorporated in Ireland under the Companies Acts 1963 to 2005, Registration No. 413515)

*Creating Sustainable Wealth
through the Development of Natural Resources*

OFFERING DOCUMENT

Placing of up to 3,333 Redeemable *Preference Shares* of €750 each

Date: 7th April 2006

For further information please contact the Registered Office
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This *Offering Document*, has not been prepared in accordance with the Directive 2003/71/EC on prospectuses or any measures made under that Directive or the laws of Ireland or of any EU Member State or EEA treaty adherent state that implement that Directive or those measures. Nor has this *Offering Document* been reviewed, prior to its being issued, by any regulatory authority in Ireland or in any other EU Member State or EEA treaty adherent state and therefore may not contain all the information required where a document is prepared pursuant to that Directive or those laws. A copy of this *Offering Document* has been delivered for registration to the Registrar of Companies (having attached thereto copies of the material contracts referred to on page 18 and any experts' letters of consent) in compliance with section 47 of the Companies Act, 1963 of Ireland.

Investors are advised to take independent advice from a professional advisor before making any investment. This proposal should be evaluated in conjunction with the key assumptions on page 14 and risks on page 7.

The *Directors*, whose names appear on page 6, take responsibility for the information contained in this *Offering Document* and have taken all reasonable care to ensure that the facts contained herein are true and accurate in all material respects and that there are no material facts, the omission of which would make misleading any statement herein, whether of fact or opinion.

Applications to participate in *The Company* must be made on the terms of this *Offering Document* and on the application form contained herein. Applications must reach the registered office of *The Company* by no later than 5.30pm on the 16th June 2006 and the right is reserved to close the application list at any time before that date. In the event of over subscription, the over-subscribing applicants will be refunded in full.

A copy of *The Company's* Memorandum Et Articles of Association along with all relevant expert letters and valuations are available for inspection at the Registered Office of *The Company*.

Investments may fall as well as rise in value. Past performance may not be a reliable guide to future performance. Before subscribing to *The Company*, investors are advised to consult their Accountant, Bank Manager, Stockbroker, Solicitor, tax or other professional advisor, having regard to the nature of the investment, the risks, their own financial circumstances and their tax position.

THE FORESTRY GROWTH PLAN PLC

THE COMPANY

Definitions	3
Summary	
Executive Summary	4
The Company	4
Investment Proposal and Return	5
Tax Status of Investment	5
Directors, Management Team & Advisors	6
Risk Factors	7
Section A Features of the Investment	
Introduction	9
Principal Markets	9
Revenue Sources	10
Opportunity	11
Investment Policy	11
Proceeds of Placing	11
Advantages of Investing in the Company	11
The Company	12
Project Timescale	13
Forest Management Strategy	14
Returns & Key Assumptions	14
Exit Mechanisms	16
Tax Liability	16
Section B General Information	
Share Capital	17
Legal & Arbitration Proceedings	17
Capitalisation & Indebtedness	17
Board Practices	17
Material Contracts	18
Directors' Remuneration	18
Reports to Investors	18
Accountants' Report	19
Section C Application Procedure	
Procedure and Conditions for Application	20
Application Form	21

DEFINITIONS

Certain words and phrases used in this *Offering Document* are defined below.

"Afforestation Grants"	means the grants payable by the <i>Forest Service</i> for the development and afforestation of bare lands.
"Closing Date"	means the closing date for receipt of application for <i>Preference Shares</i> is 5.30pm on the 16th June 2006.
"Directors"	means the <i>Directors</i> of <i>The Company</i> .
"Forest Management Consultant"	means a company recognised within the Forestry Industry as being technically competent in forest management whose officers are professionally recognised by the Society of Irish Foresters.
"Forest Premia"	means annual amounts paid by the <i>Forest Service</i> to the owner of land under afforestation, in this case, <i>The Company</i> .
"Forest Service"	means the Government Department set up to administer <i>Forestry</i> in Ireland.
"Forestry"	means Commercial Forestry and the occupation of which as defined by the Finance Act, 1969.
"Forestry Contractor"	means an independent contractor who is experienced in the establishment and management of forest woodlands.
"Inflation"	means an aggregate assumed rate of inflation incorporating the Consumer Price Index, the Wholesale Price Index, Forestry and Land Demand Pull inflation and other impacting market driven indices.
"Investor(s)"	means a fully paid up subscriber(s) to the <i>Preference Shares</i> of <i>The Company</i> .
"IFS"	means I.F.S. Asset Managers Limited.
"Irish Forestry Funds and Forestry Investment Plans"	means the following list of companies
The Second Irish Forestry Fund plc	The Fourth Forestry Investment Plan plc
The Third Irish Forestry Fund plc	The Fifth Forestry Investment Plan plc
The Fourth Irish Forestry Fund plc	The Sixth Forestry Investment Plan plc
The Fifth Irish Forestry Fund plc	The Seventh Forestry Investment Plan plc
The Sixth Irish Forestry Fund plc	The Eighth Forestry Investment Plan plc
The Seventh Irish Forestry Fund plc	The Ninth Forestry Investment Plan plc
The Forestry Investment Plan plc	The Tenth Forestry Investment Plan plc
The Second Forestry Investment Plan plc	The Eleventh Forestry Investment Plan plc
The Third Forestry Investment Plan plc	The Twelfth Forestry Investment Plan plc
"Ordinary Shares"	means <i>Ordinary Shares</i> of €1 each in <i>The Company</i> .
"Preference Shares"	means Redeemable <i>Preference Shares</i> of €1 each held in Registered Format at the Registered Office of <i>The Company</i> .
"Offering Document"	means this offering document dated 7th April 2006.
"The Company"	means The Forestry Growth Plan Plc

THE FORESTRY GROWTH PLAN PLC

SUMMARY

This Summary should be read as an introduction to the *Offering Document* and any decision to invest in The Forestry Growth Plan Plc ("*The Company*") should be based on consideration of the *Offering Document* as a whole by the investor. *Investors* should familiarise themselves with the risks associated with this investment as outlined on page 7 of the *Offering Document*.

EXECUTIVE SUMMARY

The Company was incorporated on the 9th January 2006 for the principal purpose of raising €2,499,750 from retail investors in the Irish republic for investment in predominantly semi-mature Irish woodlands. A small amount will be used to acquire bare land for afforestation. Monies raised, less initial costs, will be used to purchase these lands and to cover essential maintenance and management costs until harvesting income is generated. These lands will be planted and maintained for a period of approximately twelve years, after which time the standing timber and, subsequently, the lands will be sold and distributions will then be made to the *Investors*. Under existing legislation, to the extent that these distributions derive from profits from the sale of standing timber, they will be exempt from income tax. The *Preference Shares* will then be redeemed and *The Company* will subsequently be wound up.

The Company has been designed as a low risk, medium term, tax efficient investment. Returns from forestry investment have historically exceeded inflation and are less volatile than international stock markets. However, *Investors* should be aware that past performance may not be a reliable guide to future performance.

The launch date for *The Company* is 2nd May 2006. All applications for *Preference Shares* must be received by no later than 5.30pm on the 16th June 2006. The minimum amount required to be raised from *Investors* to enable *The Company* to proceed with its plans is €750,000. In the event that the minimum amount has not been received subscription monies will be returned to the applicants, without interest, within fourteen days after the *Closing Date*.

A copy of *The Company's* Memorandum & Articles of Association and financial models along with the Accountants' Report are available for inspection at the Registered Office of *The Company*.

THE COMPANY

Shareholding Details

The authorised share capital of *The Company* is €43,333 divided into 40,000 *Ordinary Shares* of €1 each and 3,333 Redeemable *Preference Shares* of €1 each.

The *Preference Shares* will be sold at €750 each to raise €2,499,750 for *The Company* and are the only shares entitled to participate in the growth of the forest investment.

40,000 *Ordinary Shares* have been issued to I.F.S. Asset Managers Limited. These *Ordinary Shares* will not rank for dividend but will carry the voting rights to ensure the necessary decisions involving the management of *The Company* can be made.

The Directors

The *Directors* of *The Company* have considerable experience in forestry investment, having already raised in excess of €44.6 million by way of share issue, from the *Irish Forestry Funds and Forestry Investment Plans*, which added to grants received and *Forest Premia* receivable make these companies, holding over 14,500 acres, one of the largest private land-owning group of companies in Ireland.

The *Directors* will not receive remuneration from *The Company* in respect of their services as directors. The *Directors* of *The Company* are also directors of I.F.S. Asset Managers Limited with whom a material contract has been entered into. The *Directors* are cognisant of the potential conflict of interest in their roles as directors of *The Company* and their roles within I.F.S. Asset Managers Limited. This has been addressed in the legal agreement between the companies and furthermore, the *Directors* have put in place a requirement that all decisions in relation to forest management must be referred to the *Forest Management Consultant*.

Forest Management Strategy

The land and forests will be purchased by *The Company* and managed on its behalf by I.F.S. Asset Managers Limited, a wholly owned subsidiary of I.F.S. Irish Forestry Services Limited. Forest Enterprises Limited has been appointed *Forest Management Consultant* to ensure that the woodlands will be managed by experienced professionals with a view to maximising the value of the forests.

INVESTMENT PROPOSAL AND RETURN

Investment in *The Company* is by way of *Preference Shares*. The minimum investment is €750. Multiple shares may be purchased. Shares may be purchased by *Investors* for themselves or for others e.g. children or grandchildren or in joint names. Except as required by law, *The Company* shall not recognise shares held on trust.

Preference Shares are the only shares that will rank for distribution. All profits made by *The Company* will be distributed to the *Preference Shareholders* at the end of the investment period, in approximately twelve years time when the standing timber and lands are sold. Distributions from profits from the sale of standing timber under current legislation are exempt from income tax. The *Directors* will not be recommending a dividend or a distribution of any surplus during the investment period. The *Preference Shares* will then be redeemed and *The Company* will subsequently be wound up.

Based on the key assumptions set out on Page 14 of this *Offering Document* the *Preference Shareholders* should receive a distribution of 8.5% per annum compound on their original investment in twelve years time. Assuming *Inflation* to average 3.5% per annum, this equates to a real rate of return (i.e. net of *Inflation*) of 5% per annum. Whilst *The Company* has taken care to ensure that the assumptions used are reasonable based on historical trends and current forest management practice, past performance may not be a reliable guide to future performance. Future events and circumstances may cause actual results to vary from those projected.

TAX STATUS OF INVESTMENT

The Company

Profits from the occupation of woodland managed on a commercial basis are exempt from Income and Corporation Tax. *The Company* has been designed to take advantage of these provisions. Profits arising from the sale of the underlying lands may be taxable in accordance with tax legislation. Profits from the sale of the underlying land will constitute a small fraction of the total returns. Returns generated from other sources will be taxable.

Investors

Under current legislation distributions, to the extent that they represent profits made from the occupation of woodland managed on a commercial basis, are exempt from Income and Corporation Tax. To the extent that distributions are made out of non-exempt profits they will be taxable in the hands of the *Investor* and dividend withholding tax may also apply to the taxable portion of the distribution. However, in accordance with legislation introduced by the Finance Act 2006, where an investor avails of reliefs or exemptions from tax in any year, which in aggregate exceed €250,000, a restriction of such reliefs shall apply and in consequence not all of any distribution made from the profits derived from the occupation of woodland managed on a commercial basis may be treated as exempt. Any amount so disallowed may be carried forward for use in the following years.

THE FORESTRY GROWTH PLAN PLC

REPORTS TO INVESTORS

Investors will receive an annual report comprising a review of the year based on the *Forest Management Consultants'* report and audited accounts.

A regularly updated web site will show the progress of *The Company's* forests. This web site is located at www.irish-forestry.ie.

DIRECTORS, MANAGEMENT TEAM & ADVISORS

THE DIRECTORS

Paul Brosnan B.Sc. MA

Paul Brosnan developed the market for the *Irish Forestry Funds and Forestry Investment Plans* but began his career in corporate finance in Australia and commercial finance in Britain. He is Managing Director of *The Company*, and also of the *Irish Forestry Funds and Forestry Investment Plans*. Mr Brosnan is also a director of I.F.S. Irish Forestry Services Limited and its subsidiary, I.F.S. Asset Managers Limited.

Trevor McHugh BA.BS

Trevor McHugh began his career in the financial services sector and subsequently joined I.F.S. Irish Forestry Services Limited as Operations Manager, from Ulster Bank. He is a *Director of The Company*, and also the *Irish Forestry Funds and Forestry Investment Plans*. He is Managing Director of I.F.S. Asset Managers Limited and I.F.S. Irish Forestry Services Ltd.

The address of the *Directors* and the registered address of *The Company* is: Eblana House, Eblana Avenue, Dún Laoghaire, Co. Dublin.

ADVISORS

I.F.S. Asset Managers Limited,
Eblana House, Eblana Avenue, Dún Laoghaire, Co Dublin

IFS is a wholly owned subsidiary of I.F.S. Irish Forestry Services Limited which was established in 1997. *IFS* manages the assets of the *Irish Forestry Funds and Forestry Investment Plans* on behalf of 14,000 individual shareholders. *IFS* is responsible for land acquisition and ongoing management of *The Company's* assets. The provision of administrative, financial, statutory reporting and company secretarial services are included in *IFS's* role, along with promoting *The Company's* interest within the industry and the *Forest Service*. The *Directors of The Company* are also directors of *IFS*.

Forest Enterprises Limited (FEL), 3 Vesey Terrace, Main Street, Lucan, Co Dublin

Established in 1990 to give independent advice to forest owners, investors and State bodies, FEL is a *Forest Service* approved company. Forest Enterprises Limited has been retained as the *Forest Management Consultant* to *The Company* and will provide professional management in the form of land and semi-mature woodlands acquisition and forest planting.

In its capacity as *Forest Management Consultant*, FEL has prepared and takes responsibility for the financial modelling and has reviewed all aspects of *The Company's* proposed forestry activities.

Deloitte & Touche, Chartered Accountants, Earlsfort Terrace, Dublin 2, will act as auditors and tax advisors to *The Company*.

Lacy Walsh, 77 Strand Road, Sandymount, Dublin 4, will act as solicitors to *The Company*.

Ulster Bank Ireland Limited, Dún Laoghaire, Co. Dublin, will act as bankers to *The Company*.

RISK FACTORS

Fire Damage

Although there have been relatively few forest fires in Ireland, it still remains a significant risk. The low level of forest fire incidence is indicative of the quality of scrub clearance and forest management insisted upon by the *Forest Service*. Historically, trees have been planted to minimise the risk of fire and whilst there will be extensive insurance on *The Company's* forests, and there is an EU funded reconstitution programme in the event of fire, significant fire damage will result in a loss in expected income from tree thinning and in profits from the sale of trees or replanted trees at the end of the investment period.

Disease

Irish forests are considered to be among the healthiest in Europe, due mainly to our island status and the rigid enforcement of strict forest plant health regulations. This, coupled with a very strong management presence, should minimise this risk. However, significant occurrences of disease will result in additional expenditure being incurred and/or the loss of profits where remedial action including the premature felling of trees is required.

Weather

One of the reasons why the chosen tree, "Sitka Spruce" grows so well in Ireland is due to our wet, mild climate. However, frost and wind damage are two potential problems. Both of these risks can be reduced by the careful selection of sites. Through knowledge and experience *The Company* will seek to minimise this risk by purchasing only the most suitable land.

Future Market

The returns are based on selling semi mature woodlands at the end of twelve years, for which there is an emerging vibrant market. This market may not be as vibrant when the woodlands are sold at the investment's maturity date.

Inherent Risk

The Company has taken care to ensure that the assumptions and projections are reasonable based on; current industry norms, historical trends and current forest management practice. However, past performance may not be a reliable guide to future performance as future events and circumstances may cause actual results to vary from those projected. The value of investments may fall as well as rise and *Investors* may not realise the full amount of their investment.

Tax Status

The tax situation is based on tax legislation currently in force and changes to such legislation may arise in the future, which although unlikely could be applied retrospectively.

Grant Schemes

The generous grants available to plant bare land and maintain existing forestry will be reviewed in 2007 and may be subject to change. This should not affect land already planted under the existing grant scheme. However, grants available may not increase in line with other necessary costs in the future.

Public Liability

Industry standard public liability insurance will be taken out and maintained by *The Company* on its properties to mitigate against the cost of public liability claims. Whilst *The Company* has taken care to ensure that the level of cover is reasonable based on current forest management practice, significant levels of public liability claims will result in additional expenditure being incurred in insurance premia and claims.

Medium Term Investment

Investors should be aware that investment in *The Company* should be viewed as an investment for the full investment period of approximately twelve years and while *Investors* may be able to dispose

THE FORESTRY GROWTH PLAN PLC

of their *Preference Shares* during this period, the price obtained may not reflect the underlying value of the *Preference Shares*.

Liquidity

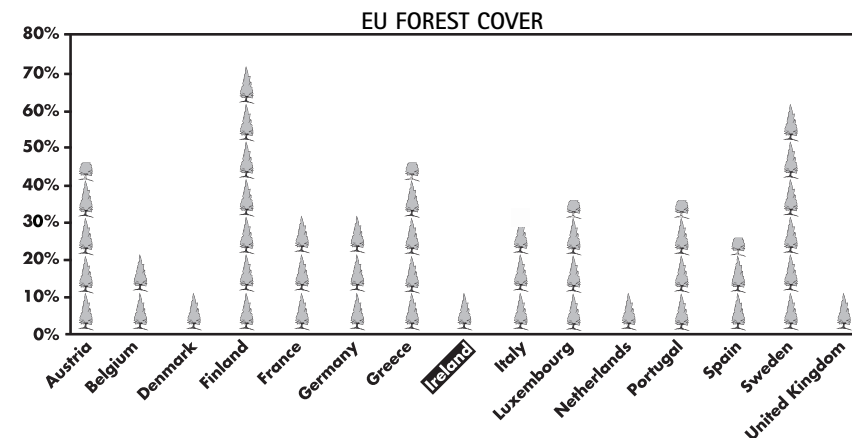
As a public limited company, shares can be traded at any time up to the maturity date of the investment. However, *Investors* should be aware that as *Preference Shares* will not be traded on the Irish or on another Stock Exchange it may be difficult for *Investors* to sell or realise their shareholding and/or obtain reliable information about their value or the extent of the risks to which *The Company* is exposed. The *Directors* give no undertaking to find a purchaser for these shares prior to maturity.

The risks listed above should not be considered as an exhaustive list of the risks which prospective *Investors* should consider before subscribing. *The Company* may be exposed to other risks of an exceptional nature from time to time.

SECTION A FEATURES OF THE INVESTMENT

INTRODUCTION

Ireland was once covered with forests. Following the advent of the industrial revolution and an increase in farming activity, these forests were steadily and systematically cleared during the closing centuries of the last millennium. By 1910 only 1% of the country remained under forest cover.



Source: Growing for the future – A Strategic Plan for the Development of the Forestry Sector in Ireland. Department of Agriculture, Food and Forestry – 1996 (data for Irish forest cover up-dated in 2004 – source *Forest Service*).

Today 10% of the country is covered with trees. Although a vast improvement, this should be considered in the context of an EU average of 36%.

Successive Irish governments have attempted to make forestry more attractive by offering *Afforestation Grants*, *Forest Premia* and tax exemption on profits from the occupation of woodland for commercial forestry. By actively pursuing a policy of afforestation, land can be used productively and profitably. This policy has shown considerable success with over 145,000 hectares of private sector new forest planting between 1988 and 2000 compared to just over 8,300 hectares in the preceding twelve years (source – *Forest Service*). There is now an emerging vibrant market for semi-mature woodlands and *The Company* will take advantage of this development.

Encouragingly, Ireland has some of the best climatic conditions for growing trees in Europe, and a large market for wood and forest products close by in the UK (which imports 85% of its timber requirement). Therefore, it makes sense for the EU to support the Government's programme to accelerate the current rate of afforestation by contributing 75% of the cost of the *Afforestation Grants*.

PRINCIPAL MARKETS

Overview

Most of the roundwood produced in Ireland is harvested from plantations established over the past seventy years. The overall forest estate, excluding plantations under 10 years old, is adding incremental volume of 3.3 million cubic metres annually of which about 80% is harvested depending on market demand. Roundwood supply from private forests will increase substantially over the next ten years. An increase in roundwood production is expected from 2005 onwards due principally to the increasing demand from the OSB (Orientated Strand Board) and MDF (Medium

THE FORESTRY GROWTH PLAN PLC

Density Fibreboard) panel sector. The biomass sector, while in its infancy, is expected to take up a significant share of this increase and the outlook for the forestry and timber sector remains positive.

Biomass

Although the biomass market is relatively young it is expected to grow rapidly over the coming years. The primary material used for this market will be pulpwood and sawmill residues. Some sawmills have recently invested in biomass and wood pellet production. The government has announced measures to encourage the increased use of biomass fuel.

Construction Timber

The Irish market for construction timber has grown substantially in recent years. Consumption remains high while the construction of new houses and apartments continues to increase. This is the twelfth successive year of increased house completions with an annual average increase of 11%. The overall consumption level for timber in 2004 is estimated at approximately 1.6 million cubic metres, of which domestic supply accounts for only 43%.

Pallet and Packaging Timber

Demand for pallet and packaging timber remains very strong as a result of the high level of construction and manufacturing activity. Over 50% of the production of pallet material from Irish sawmills was exported in 2003, mainly to the UK. However, Irish sawmills are moving away from pallet production into the higher value fencing and lifestyle product market, which in 2003 represented 27% of all sawn timber and this figure is set to grow strongly.

Panel Board, Pulpwood and Sawmill Residues

Irish board mills maintain a competitive positioning in their respective markets. In 2003 the panel board sector increased production significantly continuing to develop strong market position particularly in North America, the United Kingdom and European markets.

Semi-mature Plantations

Over the past eight years a strong market has developed in the purchase and sale of semi-mature plantations. This is due to the significant increase in the high cost of bare land for planting and also the considerable increase in private investor activity in this market sector. Prices in this market have risen strongly over the past number of years and this trend is expected to continue.

REVENUE SOURCES

The primary source of revenue during the investment period of *The Company* will be the sale of thinnings from *The Company's* forests along with *Forest Premia* and other related revenues. Thinning is a process that involves the harvesting of a proportion of trees from a forest that allows the better performing trees room to grow and also reduces the competition for light and nutrients. All these thinnings will provide income to help finance *The Company* for the twelve year investment period and will be carried out in consultation with the *Forest Management Consultant*. All profits from these sources will be reinvested in *The Company*.

Additional Revenue Sources

Whilst acquiring, planting and maintaining land and forestry is the main activity of *The Company*, the *Directors* believe that further income may be derived from other activities such as site sales for development and other suitable activities. The *Directors* will endeavour to maximise the potential of these additional revenue sources for the benefit of the Preference Shareholders. However, the potential value of these additional revenue sources has been ignored in the projections on which this *Offering Document* is based as the opportunities will be specific to individual site locations.

OPPORTUNITY

The Company is seeking to place 3,333 *Preference Shares*. The resulting €2,499,750 (less costs as outlined on page 15) will be used to purchase suitable forestry land in Ireland with a proportion of funds being placed into a sinking fund as detailed below to provide for essential management costs. *The Company* will apply to the *Forest Service* for *Afforestation Grants* where appropriate. *Afforestation Grants* are currently assessed, approved and paid by the *Forest Service* on the following basis: EU 75%, Irish Government 25%. All land and forestry will be assessed for suitability by the *Forest Management Consultant* prior to purchase.

INVESTMENT POLICY

The investment policy will be to secure a portfolio of productive and profitable woodland investments. These will be managed with a view to long term growth in asset value. However, some short term tax free income from woodland thinnings will be sought. No distributions will be made during the investment period. *The Company* will purchase both semi-mature woodlands and bare land that will be planted utilising the generous *Afforestation Grants* currently available. The allocation of funds between semi-mature and bare land will depend on prevailing market supply opportunities at the time of acquisition and the *Forest Management Consultant's* recommendations. It is expected that semi-mature woodlands will represent approximately 85% of assets acquired.

PROCEEDS OF PLACING

Funds raised under this placing will be used to:

- Acquire semi mature woodlands and bare land of the necessary quality, by means of an arms length transaction, for forestry investment purposes.
- Meet the initial costs which will comprise Commission (4%), Stamp duty (up to 9% on bare land acquisition reducing to a projected 1% on the acquisition of semi-mature woodlands), Professional fees and Marketing costs (2%) of funds raised.
- As *The Company* is designed to take advantage of the exceptional value in semi-mature plantations, *Forest Premia* received for planting bare land will not be sufficient to cover management and other essential costs. Therefore, a sinking fund of 13% of total monies raised less initial costs will be put in place to cover these essential management costs. The sinking fund is designed to ensure that *The Company's* forestry assets are managed to the highest standards to maximise their value at the end of the investment period, and to cover audit, insurance and administrative expenses.

The minimum amount required to be raised from *Investors* to enable *The Company* to proceed with its plans is €750,000. In the event that the minimum amount has not been received subscription monies will be returned to the applicants, without interest, within fourteen days after the *Closing Date*.

ADVANTAGES OF INVESTING IN THE COMPANY

Investment in woodlands through this *Company* has a number of advantages:

1. Rate of Return

Irish Forests are amongst the most productive and fastest growing in Europe. The Irish government's green paper "Growing for the Future – A Strategic Plan for the Development of the Forestry Sector in Ireland, 1996 issued by the Department of Agriculture, Food & Forestry" estimated that the real rate of return from forestry (Sitka Spruce) is 5% including land cost and

THE FORESTRY GROWTH PLAN PLC

exclusive of grants and subsidies. The real value of rural property, especially site development potential can further increase the rate of return.

2. Low risk

The *Investor* gains exposure to tangible property, which has been carefully selected by experts to maximise the potential of the woodlands. Investment in timber has historically proved to be less volatile than international stock markets. See page 7 for a more detailed outline of the risks associated with investment.

3. Tangibility

Forests are tangible. *Investors* can see their investment grow and will be encouraged to view their woodlands, the location details of which will be provided to *Investors*. We request that when visiting these plantations, you treat them with the care and consideration that growing assets deserve.

4. Tax reliefs

Under Section 232 of the Taxes Consolidation Act, 1997, profits from the occupation of woodland managed on a commercial basis are exempt from Income and Corporation Tax. Under Section 140 of the Taxes Consolidation Act, 1997, distributions made from such profits are also exempt from Income and Corporation Tax. *The Company* is designed to take advantage of these provisions. However, in accordance with legislation introduced by the Finance Act 2006, where an investor avails of reliefs or exemptions from tax in any year, which in aggregate exceed €250,000, a restriction of such reliefs shall apply and in consequence not all of any distribution made from the profits derived from the occupation of woodland managed on a commercial basis may be treated as exempt. Any amount so disallowed may be carried forward for use in the following years.

5. Economies of Scale

By investing in a portfolio of different properties, individuals can share in the substantial economies of scale associated with the acquisition, establishment and management of a block of woodlands. *Investors* share in a spread of expertly managed forest investments, thereby reducing risk.

6. Increase in Timber Demand

The United Nations Economic Commission for Europe forecast that the world's demand for timber products will nearly double by the year 2050. (source: Timber Branch, UNECE – June 2004)

THE COMPANY

The Company is a Public Limited Company established to take advantage of grants, *Forest Premia*, the tax favoured status of commercial *Forestry* in Ireland and the emerging vibrant market in semi-mature woodlands that will be close to clearfell age at the end of the investment period. *The Company* allows *Investors*, at modest levels of investment, an opportunity to participate in an attractive investment where the profits will be distributed to them on a basis that will optimise the tax benefits under existing legislation. Monies received will be used to purchase suitable forestry land in Ireland. Due to the competitive nature of the Irish land market, *The Company* cannot acquire or agree the purchase of land and forestry until such time as the *Closing Date* has passed.

Where bare land is acquired, the grant scheme in operation at present will pay for land to be cleared, fenced and planted. Appropriate *Forest Premia* will be applied for, and once granted, will contribute towards essential forest management fees, and other necessary overheads. The *Directors* will endeavour to capitalise on the development potential of certain lands and existing woodlands, where appropriate, to maximise potential returns to the *Investors*.

The attraction of this investment is its simplicity and the fact that it is largely asset backed through land and forestry. Monies contributed by the *Investors* will be used to purchase suitable forestry land. For a once off investment of €750, based on the assumptions and subject to the risks outlined on page 7 and (which includes an assumption that *Inflation* will average 3.5% per annum over the twelve years of *The Company*), the *Investor* should receive €1,996 when the lands are sold in approximately twelve years time.

Whilst *The Company* has taken care to ensure that the assumptions used are reasonable based on historical trends and current forest management practice, past performance may not be a reliable guide to future performance. Future events and circumstances may cause actual results to vary from those projected.

Investors will not be asked to contribute further amounts to *The Company*. Whilst *The Company* is empowered to borrow money without limit, under the normal course of business borrowing will be utilised only to meet the necessary overheads of managing the forests. At the date of this *Offering Document*, *The Company* has no borrowings nor has it entered or arranged borrowing facilities for the future.

Under the current *Forest Service Afforestation Grants* scheme a plantation must consist of 20% diverse species with a requirement for 10% broadleaf content, site permitting. The predominant species (80%) of tree is called "Sitka Spruce" which is the most popular tree planted in Ireland because it consistently produces high quality commercial timber in a relatively short rotation period. Existing plantations established under earlier grant schemes can consist of up to 100% Sitka Spruce. Among its uses are:

- ♣ Paper & Pulp
- ♣ Construction
- ♣ Posts & Fences
- ♣ MDF (Medium Density Fibreboard)
- ♣ OSB (Oriented Strand Board)

Much work has been done over the past number of years to attract state-of-the-art timber processing facilities to Ireland. This has been successfully accomplished with the opening of the Willamette MDF factory in Clonmel, the Masonite factory in Leitrim and the Coillte OSB plant in Waterford. Over the past decade, significant investment has taken place in the Irish sawmilling industry.

The Company is offering prospective applicants the opportunity, through investing in *The Company*, to become part of a fast growing Irish industry with the potential for strong tax free returns.

PROJECT TIMESCALE

Commercial *Forestry* in Ireland takes approximately thirty years for trees to mature. Research indicates that this period of time is too long for some prospective *Investors* and hence the rationale behind the twelve-year *Forestry Growth Plan Plc*.

After approximately twelve years the standing timber and the lands will be sold with any profits being distributed to the Preference Shareholders. *The Company* will then be wound up. The twelve year period is approximate as it will depend on the speed at which *The Company* is wound up and the assets paid for in full by the purchaser.

This progressive and innovative plan is designed to facilitate forestry investment for the general public by reducing the investment period to twelve years. In comparison with the forest industry in other countries, where a very advanced market for semi-mature woodlands exists, it is the opinion of the *Directors* and the *Forest Management Consultant* that Ireland is only beginning to

THE FORESTRY GROWTH PLAN PLC

develop this market. *The Company* will capitalise on further developments in the semi-mature forestry market in Ireland.

FOREST MANAGEMENT STRATEGY

Afforested and bare lands will be purchased subject to attaining the appropriate *Forest Service* approval and satisfying quality assessments, as prepared by the *Forest Management Consultant*. Afforestation and maintenance grants will be applied for, where necessary, and the mandate for such grants will be assigned to an approved *Forestry Contractor*. The *Forest Management Consultant* to *The Company* will assess the land prior to *Forest Service* approval. The *Directors* believe that this is necessary to ensure that the long term interests of the *Investors* are maintained. Subsequent to the *Forest Management Consultant's* report and recommendations having been acted upon by the *Forestry Contractor*, the *Forest Service* will provide the necessary inspection to ensure that the contractor's obligations have been met.

During the twelve year period, prior to the sale of the standing timber and the lands, many trees will be removed in a process called thinning. This allows the better performing trees room to grow and also reduces the competition for light and nutrients. These thinnings will provide income to help finance *The Company* for the twelve year investment period.

Forest and land management decisions will be undertaken only by reference to fully qualified professionals and will at all times be subject to the objective of maximising the *Investors'* returns. Some semi-mature woodlands purchased may need remedial work carried out to bring them to the professional standard required in order to maximise *Investors'* profits.

RETURNS AND KEY ASSUMPTIONS

RETURNS

The Company is designed to hold the forestry assets for a twelve year period. It is the experience of the *Directors* and *Forest Management Consultant* that the optimum value in Irish forestry today is in semi-mature woodlands. Once the required timeframe has expired, all *The Company's* assets will be sold on the open market. All profits from the sale of these assets plus any retained profits will then be distributed to the Preference Shareholders. *The Company* will then be wound up.

Based on the Key Assumptions set out below, a once off investment of €750 per share should result in distributions totalling €1,996 per share. To the extent that these distributions derive from profits from the sale of standing timber, they will be exempt from income tax. This equates to a compound annual rate of return of 8.5% per annum.

Illustrative Returns*

Number of Shares purchased	1	5	10	20	50
Initial Investment	€750	€3,750	€7,500	€15,000	€37,500
Expected Tax Free Distribution in Year 12	€1,996	€9,981	€19,962	€39,925	€99,813

*This Chart is for illustrative purposes only. It merely shows the returns on various amounts invested in *The Company* based on the key assumptions stated below.

KEY ASSUMPTIONS

The key assumptions incorporate projections, which are based on historic data, including: tree growth rates, population growth, timber demand and inflation rates. Because the projections cover a period of approximately twelve years the assumptions are necessarily more subjective than would be appropriate for a forecast. Whilst *The Company* has taken care to ensure that the assumptions used are reasonable based on historical trends and current forest management practice, future events and circumstances may cause actual results to vary from those projected.

- i. Existing woodlands will be purchased subject to rigid assessment and approval by the *Forest Management Consultant*.
- ii. That bare land of the necessary quality and meeting *Forest Service* requirements will be acquired at the current market value prevailing at the date of this *Offering Document*.
- iii. The duration of *The Company* is approximately twelve years.
- iv. Initial costs will comprise Commission (4%), Stamp duty (up to 9% on bare land acquisition reducing to a projected 1% on the acquisition of semi-mature woodlands), Professional fees and Marketing costs (2%) of funds raised.
- v. The following forestry costs are assumed to be incurred.

	Cost	Grant Available	Grant as % of Cost
1) Forest Establishment	€3,114 per ha	€3,114 per ha	100%
2) Pruning (1st lift)	€700 per ha	€700 per ha	100%
3) Roads	€856 per ha	€571 per ha	67%
4) Pruning (2nd lift)	€825 per ha	€825 per ha	100%
5) Repair	€80 per ha	None Available	0%

- vi. Assumed costs under the following headings have been included in the financial model:

- 1) Management costs as laid out in the Material Contracts
- 2) Audit fees
- 3) Public liability and fire insurance
- 4) Statutory company reporting fees
- 5) General administrative overheads

- vii. The forest will be thinned when necessary by reference to the *Forest Management Consultant*.
- viii. *Forestry* costs and timber revenues, including those for thinnings, are based on expert technical data compiled by the *Forest Management Consultant*.
- ix. The standing timber and lands are sold at open market value.
- x. *Inflation* is assumed to average 3.5% per annum for the duration of the investment period (approximately twelve years).
- xi. The current forestry grant schemes and tax status of forestry will remain unchanged or that any changes will not affect the returns.
- xii. That the sinking fund will be sufficient to cover essential management fees and other necessary overheads up to year 9. Costs beyond this timeframe will be covered from harvesting income.

THE FORESTRY GROWTH PLAN PLC

EXIT MECHANISMS

PREFERENCE SHARE DISTRIBUTION

The Company will be maintained for approximately twelve years, at which point:

- Those properties originally acquired as semi-mature woodlands will be close to yielding tax free income from thinning, timber sales and possible clearfell. These near-term revenues will further enhance the attractiveness of the forestry assets to potential purchasers
- Those properties originally acquired as bare land and planted by *The Company* will continue to yield tax free income in the form of *Forest Premia* which will be transferable under current legislation to future owners of the forests. This will improve the attractiveness of the forestry assets to potential purchasers

The standing timber and the lands will then be sold to the highest bidder. Distributions will then be made to the Preference Shareholders. *The Company* will then be wound up. Preference Shareholders will be given the option of first refusal to reinvest the proceeds of this investment into a new forestry investment company where this option becomes available.

Market for Preference Shares

As a public limited company, shares can be traded at any time up to the maturity date of the investment. As *Preference Shares* will not be traded on the Irish or on another Stock Exchange it may be difficult for *Investors* to sell or realise their shareholding and/or obtain reliable information about their value or the extent of the risks to which *The Company* is exposed. The *Directors* give no undertaking to find a purchaser for these shares prior to maturity. Additional Stamp duty may be payable on transferred shares, the cost of which will be borne by the purchaser. Profits arising from the sale of *Preference Shares* will be taxable in accordance with Capital Gains Tax legislation.

TAX LIABILITY

At present, under Section 232 of the Taxes Consolidation Act, 1997, profits from the occupation of woodland managed on a commercial basis with a view to profit are exempt from Income and Corporation Tax. Under Section 140 of the Taxes Consolidation Act, 1997, distributions, to the extent that they are made from such profits, are exempt from income tax. *The Company* is designed to take advantage of these provisions.

Profits arising from the sale of the underlying lands may be taxable in accordance with tax legislation. Profits from the sale of the underlying land will constitute a small fraction of the total returns. This is due to the limited market that this land can be sold into as a result of the reforestation requirement imposed by the Forestry Act, 1946.

Returns generated from other sources, as discussed under "Additional Revenue Sources" on page 10, will be taxable. However, as these revenue sources cannot be relied upon they have been ignored for the purposes of the projections upon which this *Offering Document* is based.

SECTION B GENERAL INFORMATION

SHARE CAPITAL

The authorised share capital of *The Company* is €43,333 divided into 40,000 *Ordinary Shares* of €1 each and 3,333 *Preference Shares* of €1 each. Shares will be issued in registered form and share certificates will be issued. There will be no further issuing of shares after *The Company* closes for subscription and shares are not convertible.

Preference Shares

The *Preference Shares* will be sold at €750 each, of which €749 represents the share premium, to raise €2,499,750 for *The Company*. The minimum investment is €750 and in multiples of €750 thereafter.

The *Preference Shares* are the only shares entitled to participate in the growth of the forest investment and, as such, will be the only shares to participate in the final distribution to be made when the standing timber and lands are sold, in approximately twelve years time. The *Directors* will not be recommending a dividend or a distribution of any surplus during the investment period. *Preference Shares* will be redeemed prior to the winding up of *The Company* at the end of the investment period.

The Preference Shareholders do not have any right to attend or vote at any General Meeting or Annual General Meetings.

Ordinary Shares

40,000 *Ordinary Shares* of €1 each have been issued to I.F.S. Asset Managers Limited, which have been paid up as to 25c per share. These shares will not rank for dividend, but will carry the voting rights, thus controlling *The Company* to ensure that the necessary decisions involving the management of *The Company* can be made.

LEGAL & ARBITRATION PROCEEDINGS

The Company is not aware of any governmental, legal or arbitration proceedings which are pending or threatened.

CAPITALISATION & INDEBTEDNESS

The Company has no indebtedness as it has been established for the principal purpose of raising finance to invest directly in Irish forestry. As of the date of the *Offering Document*, *The Company* has issued 40,000 ordinary shares which have been paid up as to 25c per share.

BOARD PRACTICES

The *Directors* confirm that *The Company* complies with Ireland's corporate governance regime.

THE FORESTRY GROWTH PLAN PLC

MATERIAL CONTRACTS

Two contracts have been entered into:

- (i) I.F.S. Asset Managers Limited has been awarded the contract to maintain the forests. Mr. Paul Brosnan and Mr. Trevor McHugh are Directors of I.F.S. Asset Managers Limited. I.F.S. Asset Managers Limited is a wholly owned subsidiary of I.F.S. Irish Forestry Services Limited.
- (ii) Forest Enterprises Limited has been contracted to act as the *Forest Management Consultant to The Company*.

DIRECTORS' REMUNERATION

The *Directors* will not receive remuneration from *The Company* in respect of their services as *Directors* and *The Company* has no employees.

Directors' Interests

The *Directors* at present are also Directors of I.F.S. Asset Managers Limited. *The Company* has secured the services of I.F.S. Asset Managers Limited to maintain the forests to a level that maximises the potential of the forests, which is fundamental to maximising the returns. The consideration for this contract is presently set at €38 per acre per annum. This fee is indexed linked to the Consumer Price Index. *The Company* may also engage I.F.S. Asset Managers Limited to seek to generate additional revenues on its behalf from other commercial activity on a success basis only, where fees are charged at 10% of such additional revenues.

REPORTS TO INVESTORS

Investors will receive an annual report comprising a review of the year based on the *Forest Management Consultants'* report and audited accounts.

A regularly updated web site will show the progress of *The Company's* forests. This web site is located at www.irish-forestry.ie

Deloitte.

Deloitte & Touche
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland
Tel: +353 (1) 417 2200
Fax: +353 (1) 417 2300
www.deloitte.com/ie

Our Ref: DOF/LM

7th April 2006

The Directors
The Forestry Growth Fund plc
Eblana House
Eblana Avenue
Dun Laoghaire
Co. Dublin

Re: *The Forestry Growth Fund plc.* ("The Company")

Dear Sirs,

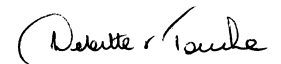
The Company was incorporated on 9th January 2006.

The Company has issued 40,000 Ordinary Shares of €1 each, paid up as to 25c per share. No material contracts have been entered into save those detailed in page 18 of this Offering Document.

The Company has not yet traded. No accounts have been made up for presentation to members and no dividends have been declared or paid.

We consent to the inclusion of this report in the Offering Document and take responsibility for this report.

Yours faithfully



Deloitte & Touche
Chartered Accountants

Audit, Tax, Consulting, Financial Advisory.

Members of
Deloitte Touche Tohmatsu

P.J. Barton	M. Larkin	D.J. Butler	J. O'Connor	D. Carson
T.M. Cassin	G. Lyons	P. Cronin	D. O'Donovan	D.F. Hearn
D.B. Deasy	G.V. Magee	P. Cullen	J. O'Flynn	P. Hegarty
C.A. Dennehy	B. Murphy	A. Fagan	D. Power	C.P. Hughes
G. Fitzpatrick	R.J. Nolan	R. MacDarby	P. Reck	S. Mohan
M.E. Fulton	G.B. O'Mahoney	B.P. McDonald	J. Whelan	D. Moriarty
J.P. Gilmartin	M. Reilly		P. Whelan	M.A. Murphy
M. Hartwell	K. Sheehan			T.R. O'Ferrall
J.M. Hayden	M.M. Smith			D. O'Flanagan
B.P. Jennings	N.A. Walsh			

P. Kenny

Authorised by the Institute of Chartered Accountants in Ireland to carry on investment business in Ireland

THE FORESTRY GROWTH PLAN PLC

SECTION C APPLICATION PROCEDURE

PROCEDURE AND CONDITIONS FOR APPLICATION

To participate in *The Company* completed application forms must reach the Registered Office by the *Closing Date*. Applications will be accepted up to the maximum size of *The Company*. The right is reserved to close the applications list at any time before 16th June 2006 and to reject any application in whole or in part. *The Company* will not proceed until a minimum of €750,000 has been received by way of subscriptions. Monies will be returned to the applicants, without interest, within fourteen days after the *Closing Date* if the minimum subscription is not received.

The minimum subscription which an *Investor* may make is €750. Further subscriptions must be made in multiples of €750.

It is possible to purchase shares on behalf of others and in joint names where required. If you wish to apply for *Preference Shares* on behalf of another person, please complete the application in your own name inserting an instruction on the reverse of the Application Form signed by you, giving details of how you wish the *Preference Shares* to be allotted. Share Certificates will be issued within three weeks of the *Closing Date*.

In the event of over subscription, the over-subscribing applicants will be refunded in full, without interest, within 14 days after the *Closing Date*. Applications are accepted on a first-come-first-served basis.

Applications may be withdrawn at any time up to the *Closing Date*. Successful applicants will be sent notification within 5 working days of receipt of their application indicating the amount allotted.

Applications to participate in *The Company* will be considered only on the terms and conditions of this *Offering Document*. A completed application form will only be accepted with payment of subscription. If a discrepancy arises between the application form and monies tendered, the amount of monies tendered will be taken to be indicative of the number of shares for allotment.

The *Directors* may, at their absolute discretion, without assigning any reason, decline to accept an application for shares in *The Company* without liability for interest and any resulting loss or damage.

By completing and delivering an Application Form you:

- confirm that you have read and understood all the information contained in the *Offering Document*, including all information available for inspection at *The Company's* Registered Office, and agree to be bound by its terms and conditions, including the Procedure and Conditions for Application.
- warrant that, if you make an application on behalf of another person you have due authority to do so and such person shall be bound accordingly and be deemed also to have given the warranties and undertakings contained in these Conditions for Application.

Checklist for application:

- Completed Application Form. Original signed Application Form required. Faxes will not be accepted.
- Cheque or Bank Draft made out to: "The Forestry Growth Plan Plc". Please ensure cheques are crossed and marked "A/C Payee, Not Negotiable".
- For security purposes neither cash nor Postal Orders will be accepted.
- Send to the Registered Office at the address below:
The Forestry Growth Plan Plc, Eblana House, Eblana Avenue,
Dún Laoghaire, Co. Dublin.

So as to be received by *The Company* no later than 5.30 p.m. on 16th June 2006.
Please use the pre-paid envelope provided.

APPLICATION FOR MEMBERSHIP TO:

The Forestry Growth Plan Plc
Eblana House, Eblana Avenue
Dún Laoghaire, Co. Dublin.
Tel: (01) 284 1777
Fax: (01) 284 5195
Email: info@irish-forestry.ie

I hereby apply for ____ Redeemable *Preference Shares* at €750 each and enclose a Cheque / Bank Draft made payable to "The Forestry Growth Plan Plc" in the amount of € _____

PLEASE COMPLETE IN BLOCK CAPITALS

Please tick: Mr Mr & Mrs Mrs Ms Other _____

Name: _____

Address: _____

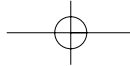
Phone: _____ Fax: _____

Email: _____

- I hereby confirm that I have read and understood all the information contained in the *Offering Document*, including all information available for inspection at *The Company's* Registered Office, and agree to be bound by its terms and conditions, including the Procedure and Conditions for Application.
- I hereby irrevocably authorise the *Directors* to do all such things as are necessary in connection with the management of *The Company* as set out in the *Offering Document* dated 7th April 2006 without further reference to me and not withstanding any rights or entitlements which I may possess in respect of shares held in *The Company* and in particular I hereby irrevocably authorise the *Directors*:
 - To invest the subscription monies in the purchase of land and forestry.
 - To direct, in its absolute discretion, the exercise by the *Directors* of all voting rights in connection with investments made on behalf of *The Company*.
 - To deal with all distributions in accordance with provisions made in the *Offering Document* dated 7th April 2006 and all applicable laws.
 - To place monies on deposit with Ulster Bank Ireland Limited, or other licensed bank.
- I hereby accept that, subject to the compliance by the management with its duties and obligations, under no circumstances whatever shall I be entitled to hold the *Directors* liable for any default act or omission by the *Directors* or the failure or loss of any kind of *The Company*.

Signature: _____ Date: _____

Please tick this box if you wish to receive your Annual Financial Statements by Email.
Please ensure that you have clearly provided your email address above



THE FORESTRY GROWTH PLAN PLC

INVESTING ON BEHALF OF A THIRD PARTY

Name of recipient(s): _____

Address of recipient(s): _____

Country of Residence: _____

Relationship to Applicant(s): _____

Correspondence direction (please tick appropriate boxes)

Please send receipt and share certificate to me recipient

Please send all future correspondence after issue of share certificate to me recipient

ADDITIONAL INFORMATION

NOTES

