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National Treasury Management Agency

Ciste Infheistíochta Straitéisí d'Éirinn
Ireland Strategic Investment Fund

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European Investment Bank and ISIF confirm multi-million backing for new investment in Irish forestry

The European Investment Bank and Ireland Strategic Investment Fund (ISIF) have agreed to back a new initiative expected to support EUR 112 million of new investment in privately owned forests across Ireland. This new engagement with Dasos represents the first Irish agricultural project and the first forest project in Europe to be supported by the Investment Plan for Europe that seeks to unlock EUR 315 billion of new investment.

The project will see the EIB and the Ireland Strategic Investment Fund work together for the first time in the agriculture sector and support a EUR 112 million investment by Dasos, a specialist forestry investment fund. The Ireland Strategic Investment Fund will provide EUR 55 million and the EIB EUR 28.5 million for this scheme. Additional support is expected from other investors as the initiative progresses. The EIB support is backed by the European Fund for Strategic Investments (EFSI).

Pan-European forest investment fund Dasos will seek to address issues faced by small scale forests across the country by working to improve forest management and strengthen the supply of wood for commercial use. The investment will support crucial upgrades to Ireland's forestry infrastructure through the consolidation of its management.

The initiative was announced in County Wicklow earlier today by Minister Andrew Doyle, European Investment Bank Vice President Andrew McDowell, European Commissioner Phil Hogan, Director of the ISIF Eugene O'Callaghan and Chief Executive of Dasos Olli Haltia.

Speaking at the event Minister Andrew Doyle highlighted that "This significant investment in Ireland's forestry sector will underpin continued expansion and development of the industry. The most recent forecast of timber production on the island of Ireland highlights the maturing nature of this sector where much of the States investment in past decades is now ready to be harvested. This announcement today will help ensure that this economic potential is realised by consolidating smaller forests under a single management plan. The mobilisation of timber from privately owned forests is a key objective of my Department and this investment fund will make a significant contribution towards achieving this goal."

"Over the coming years the Dasos Ireland forestry fund intends to help overcome diverse challenges faced by a fragmented industry and revitalise forestry in rural communities. Working with both Irish and European partners I am pleased to launch the first operations in Ireland by Finnish-based pan-European forest investment fund Dasos." confirmed Dr Olli Haltia, Chief Executive Officer of Dasos.

By supporting direct land acquisition, lease contracts, afforestation and other forms of land management the Dasos initiative intends to develop into a professionally managed portfolio of up to 15,000 hectares of forests across Ireland in the coming years. New forest management investment by Dasos across the country seeks to ensure a more predictable supply of wood including from previously subsidised forests where subsidies are coming to an end.

ISIF will provide up to EUR 55 million and the European Investment Bank up to EUR 28.5 million for this scheme.

"Forestry is a natural asset class for long-term, patient capital investors like ISIF and we are pleased to invest alongside Dasos and EIB in this initiative which is very consistent with our mandate and with Government policy. It will create a better structure to support availability of timber from Ireland's

private Forestry estate and will seek to support greater afforestation levels” said Eugene O’Callaghan, Director of ISIF.

There are an estimated 19,500 private owners of small forests across Ireland. Many of these plantations were originally supported by land based grants that are now expiring as the plantations reach an age that requires more scale efficient forest management.

European Commissioner for Agriculture and Rural Development Phil Hogan said: "Forests help to keep our rural areas vibrant and sustainable, providing over three million jobs in the EU. They also play a major role in the protection of EU biodiversity and represent a key sector in the transition towards a low-carbon and climate friendly economy. Continued investment in the sector is therefore a win-win for our economy, for our local communities, and our environment. This strategic partnership with the European Investment Bank will help to achieve these objectives, deliver the Investment Plan for Europe and support jobs and growth in rural Ireland."

The new initiative was one of two Irish forest initiatives announced in County Wicklow earlier today representing the EIB’s first support for agriculture in Ireland for 20 years.

“Dasos have proven experience improving forests across northern and southern Europe, and their exciting plans have the potential to transform some of the world’s best forests here in Ireland. The European Investment Bank is pleased to work with Dasos and in further partnership with ISIF on an initiative that can strengthen the Irish forest industry and boost rural employment and economic growth.” highlighted Andrew McDowell, European Investment Bank Vice President.

The European Investment Bank also confirmed that additional support for agriculture in Ireland was expected to be confirmed in the coming months.

Since 1973 the European Investment Bank has provided more than EUR 15 billion for investment to improve public services, key infrastructure and unlock new opportunities for companies across Ireland.

The EIB is one of the world’s largest financiers for forests and has invested EUR 4.5 billion in forest related projects across Europe and worldwide over the last five years.

Background information:

The Dasos Ireland forestry fund announced today is called The Forais Limited Partnership.

The **European Investment Bank (EIB)** is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals.

Dasos Capital Oy (Dasos), established in 2005, acts as an Investment Advisor for Dasos Timberland Fund I, Dasos Timberland Fund II, Dasos FS Partnership and The Forais Limited Partnership, all private equity funds investing in sustainable timberland investments in Europe and emerging markets, with combined total volume of funds and assets at over EUR 600 million. The investors include institutional investors, endowments, private banks, family offices and other clients interested in sustainable international timberland investing. Dasos Capital is authorised as an Alternative Investment Fund Manager (AIFM) by the Financial Supervisory Authority (FSA) in Finland.

The Ireland Strategic Investment Fund (€8.1 billion at end Sept. 2016) has a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland. The fund, which is controlled and managed by the National Treasury Management Agency (NTMA), has made investment commitments to date of €2.4 billion (including investments made by its predecessor, the National Pensions Reserve Fund). For more information about the Ireland Strategic Investment Fund and how it invests visit www.isif.ie.

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