

Green acres

Want to see your money grow? Perhaps Greenwood Investments can turn your little acorns into mighty oaks

LOOKING FOR somewhere different to invest your money? Tired of the gloom and doom of the property market and afraid that the stock market will have yet another downturn? Investing in forestry may be the solution for you.

The area of forestry has become quite popular with investors especially with the price of timber increasing due to the amount of construction work taking place around the world.

UK Timber Trade Federation chief executive John White recently attributed the rise in construction timber prices to diminishing supply due to added construction. "The development taking place in North Africa, the Middle East and China is sucking timber away and creating a shortage which is increasing prices."

If you are interested in investing in forestry, it is important that you find a company that will handle your investment professionally and offer you the right advice for what to do with your money. Greenwood Investments is a good place to start.

Greenwood Investments specialises in the acquisition and development of forestry land that provides a strong return for investors, but without the long-term waiting period that is usually associated with forestry investment.

"The investor makes money by investing in physical plantation units generally around an acre in size and upwards, which are part

of the entire project," says Joe Randall of Greenwood Investments.

These trees are then harvested once they have fully matured and sold on the open market.

It can take from four to 80 years to grow a tree to harvesting maturity, of course depending on the species and growing conditions. Greenwood Investments recommend investing in trees that have higher values and shorter growing times.

Greenwood looks at high value, short rotation crops that can be ready for production within six to 12 years of being planted. This results in a shorter waiting period for a return on your investment. Once the trees reach a marketable size, they are harvested and sold on the open market.

"Obviously it depends on species and location, but Fir generally bring the best prices as there is a huge demand for them every year," says Randall.

However, Greenwood Investments buy plots that contain a variety of tree ages and species to ensure continuous productivity as well as the ability to time harvests and cash flows to meet investor objectives.

The amount of time and money that you decide to invest really is up to you, but Randall believes that a strong investment will have more benefits.

"Generally, people invest around €10,000, but the minimum amount invested can be as little as €4,950," says Randall. "Investing in forestry is generally consid-



ered a long-term investment with waiting periods of up to 30 years, but Greenwood Investments can take as little as six years, depending on species."

Greenwood Investments take between 10% and 20% of the net return once the harvest and investment period is over. This is to cover the

cost of managing the plots over the course of the investment.

The company was started in 2007 to allow smaller private investors the opportunity to invest in some of the management projects.

According to Greenwood Investments, over the past 30 years, returns through

forestry investment have averaged 14.5% per annum, but that an investor with them can achieve returns of between 9% and 16%.

Although Greenwood Investments has only been involved in the Irish market since last year, they say that they have had a lot of interest from the public regarding

their projects.

This could be due to the main advantage that investing in forestry has over some other commodities. If the market should dip, they can play the waiting game and not lose out.

"A main driving force behind forestry as an investment is the fact that we're

not as dependent on the market as other commodities," says Randall. "If the value of timber should fall, we can take a step back and not harvest the crop until the market stabilizes. Another benefit of this is that the longer we wait the more supply we have to sell when we do eventually harvest."

One area that Greenwood Investments is particularly excited about is the Christmas tree market. Although you may groan about the thought of Christmas in April, the opportunity for investing in Fir trees can be quite lucrative.

According to Teagasc, the market for Christmas trees in Europe is approximately 60 million trees a year and that there is high demand for quality trees. "Customers are now prepared to pay higher prices for such quality of product. With emphasis on quality products, it is becoming increasingly difficult to sell low-grade trees".

Teagasc recommend that if you are investing in Christmas trees, that you choose a variety that keeps its needles for a longer period. The main needle-retaining species used in Ireland are the Noble Fir, Nordmann Fir and Lodgepole Pine. They estimate that a person can see a net return of around €2,000 over a ten-year period if they are managing their own plot of Christmas trees.

Teagasc also says that trees can be grown on contract for a buyer or in conjunction with a Christmas tree company. However, they recommend that the terms of the contract be thoroughly investigated and that legal and financial advice should be sought before investing.

If you are interested in finding out more information about Greenwood Investments, log onto www.greenwood-investments.com or contact them on (01) 452 0326