

Gresham House launches Irish forestry fund with Coillte and ISIF to drive afforestation in Ireland

- *The fund will provide capital from Irish and international investors to create new forests and acquire existing forests across Ireland*
- *Ireland Strategic Investment Fund (ISIF) has committed an initial €25m as cornerstone investor*

Friday 6th January 2023 Gresham House, the specialist alternative asset manager with a significant presence in Ireland, has today launched a major new fund to enable Irish and international investors to fund greater forest cover across Ireland.

The “Irish Strategic Forestry Fund” will provide up to €200m capital needed to create new forests, making a significant contribution to Ireland’s Climate Action Plan. The fund will also acquire existing forest assets and when fully deployed, will represent a portfolio of approximately 12,000 hectares of new and existing forests.

The fund will be managed from Gresham House’s Dublin office, with Joe O’Carroll acting as Investment Director. Gresham House has the scale and experience of managing large-scale privately funded forestry assets across the world. It has already attracted €35m from Irish investors, including a €25m cornerstone investment from the Ireland Strategic Investment Fund (ISIF), Ireland’s sovereign development fund.

ISIF’s capital will complement other Irish and international capital sourced by Gresham House to promote sustainable investments in a sector that is key to addressing the climate crisis.

The new fund has put in place an operational management agreement with Coillte, Ireland’s semi-state manager of forestry and timber investments. The development of the fund will therefore benefit from Coillte’s long-term track record operating in the Irish forestry sector.

Coillte will use its broad expertise to source land, plant trees and manage these forests as part of its overall forest estate, ensuring open access to the public to enjoy these new forests. Coillte has a strong track record in the acquisition of new land and afforestation and since its establishment in 1989 has successfully planted 100,000 hectares of new forests. Coillte and Gresham House will also work with other forest management companies to acquire new land and carry out afforestation.

Patrick Lawless, Managing Director, Gresham House, Ireland, says:

“This initiative will create a platform for enhancing Ireland’s forestry sector, delivering real change and momentum and making a meaningful contribution to Ireland’s crucial afforestation ambitions.

The combination of skills the fund brings together will be key to unlocking and developing new forests in Ireland, helping to support the ambitions of the Irish Climate Action Plan. The additional support and momentum ISIF will bring to the fund will also be central to the fund’s success.”

Nick Ashmore, Director of ISIF, said: *“This is an example of ISIF’s ability to act as a catalyst for attracting co-investors to bring significant Irish and international capital to major investments in Ireland.*

It also underlines ISIF’s commitment to climate action as we continue building our €1bn climate investment programme, complementing our existing investments in forestry, renewable energy, energy efficiency and energy storage.

This new fund will drive significant investment in one of Ireland's key natural resources. It will help deliver on ISIF's double bottom line mandate of generating a commercial return and supporting economic activity and employment in Ireland, while generating further progress in Ireland's transition to a Net Zero economy."

Imelda Hurley, Chief Executive of Coillte, adds:

"Coillte is pleased to work with Gresham House and have ISIF as a cornerstone investor in this important initiative. There is an urgent need for Ireland to meet stretching Climate Action targets and creating new forests is integral to the achievement of these targets. The Government's national afforestation target is 8,000 ha per annum and the long-term target is to achieve 18% forest cover. Currently forest cover in Ireland is 11.6% compared to an EU average of 40%.

"The new Irish Strategic Forestry Fund represents an important first step towards accessing the capital required to enable the creation of new forests which will deliver the multiple benefits of forests for climate, nature, wood and people."

NOTES TO EDITORS

About Gresham House

Gresham House is a specialist alternative asset management group, dedicated to sustainable investments across a range of strategies, with expertise across forestry, housing, infrastructure, renewable energy and battery storage, public and private equity.

The fund is Gresham House's third major initiative in Ireland over the past year, following its acquisitions of leading investment manager Appian Asset Management and Burlington Real Estate, a specialist property manager and real estate investment advisor, in 2021 and early 2022, respectively. It also forms part of Gresham House's aim to expand its existing capability in real assets in Ireland, including in battery energy storage, solar, and sustainable infrastructure.

Our origins stretch back to 1857, while our focus is on the future and the long term. Quoted on the London Stock Exchange (GHE:LN) we actively manage c.£7.5bn of assets (unaudited as at 30 September 2022) on behalf of institutions, family offices, charities and endowments, private individuals, and their advisers. We act responsibly within a culture of empowerment that encourages individual flair and entrepreneurial thinking.

As a signatory to the UN-supported Principles for Responsible Investment (PRI), our vision is to always make a positive social or environmental impact, while delivering on our commitments to shareholders, employees and investors.

www.greshamhouse.com

About Gresham House - Ireland

Gresham House in Ireland was originally established in December 2002 as Appian Asset Management and rebranded following its acquisition by Gresham House plc in June 2021. Gresham House in Ireland is regulated by the Central Bank of Ireland under the Alternative Investment Fund Management Directive (AIFMD). Gresham House, Ireland is the manager of six funds which invest globally across traditional and alternative asset classes including equities, property, infrastructure, commodities, and forestry.

www.greshamhouse.ie

About Coillte

Coillte, Ireland's semi-state forestry company, is responsible for managing 440,000 hectares of primarily forested lands. It is the nation's largest forester and producer of certified wood, a natural, renewable and sustainable resource. Coillte is also the largest provider of outdoor recreation in Ireland, it enables wind-energy on the estate, manufactures panel-board wood products and undertakes nature rehabilitation projects of scale. Coillte delivers the multiple benefits of forestry, including forests for climate, for nature, for wood and for people.

Coillte recently announced its new forestry strategic vision which is designed to optimise its contribution to Ireland's climate targets. Among other things, the aim of this strategic vision is to create new forests and optimise Coillte's existing forests for greater carbon capture, producing sustainable wood products, enhancing biodiversity, creating more incredible recreational spaces for the enjoyment of our citizens and tourists. For further information visit www.coillte.ie.

About ISIF

The Ireland Strategic Investment Fund (ISIF) is a sovereign development fund which has a mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland. ISIF is controlled and managed by the National Treasury Management Agency, a State body which provides asset and liability management services to the Irish government.

www.isif.ie

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Q&A - Irish Strategic Forestry Fund

1. What is the Irish Strategic Forestry Fund?

- The Irish Strategic Forestry Fund is a new fund, launched by Coillte and Gresham House in Ireland, to attract Irish and International investors to create new forests and acquire existing forests across Ireland. The Ireland Strategic Investment Fund (ISIF), part of the Government's Sovereign Investment Fund, has committed an initial €25m as a cornerstone investor.
- Over time the Irish Strategic Forestry Fund will attract further Irish and international investors taking the fund up to €200m and when fully deployed, will represent a portfolio of approximately **12,000 hectares** of new and existing forests.

2. Why was this fund established?

- The fund has been established to create a unique platform to enable afforestation at scale to support the Government's climate action plan and to support the multiple benefits of forestry.
- There is an urgent need for Ireland to meet stretching climate action targets and creating new forests is integral in the achievement of these targets.
- The Government's current afforestation target is 8,000 hectares (ha) per annum. However, the long-term target is to have 18% forest cover in Ireland. Currently forest cover in Ireland is only 11.6% compared to an EU average of 40%.
- To achieve the 18% forest cover requires the creation of an additional 448,000 ha of afforestation, the scale of which represents a very significant challenge given current afforestation levels are at 2,000 ha per annum.
- Therefore, Ireland needs to urgently ramp up its rate of afforestation and it needs to be done at scale in order to reach our climate action targets.
- The Irish Strategic Forestry Fund will provide capital required to create new forests, making a significant contribution to Ireland's Climate Action Plan.
- The scale of the challenge is so great that in addition to farmers planting land, it is critical that private forestry companies and Coillte also contribute to afforestation and do so at scale. Unlike farmers who already own land, for Coillte and other private companies, investors or individuals to carry out afforestation, they need to acquire new land.

3. Is Coillte planning to sell land to the fund?

- No, Coillte is not selling land to the fund. The fund is open to acquiring land that is suitable for forestry, from farmers and other private landowners who wish to sell to it at market rates.

4. Who are the investors in the new fund?

- The fund has already attracted €35m from Irish investors, including a €25m cornerstone investment from the Ireland Strategic Investment Fund (ISIF), Ireland's sovereign development fund.
- ISIF's capital will complement other Irish and international capital which will be sourced by Gresham House to promote sustainable investments in a sector that is key to addressing the climate crisis.
- It's important to note that the assets in the fund belong to these investors. The role of Gresham House is to attract the investors to the fund and provide regulated investment management services to the investors. Gresham House will manage the fund in Ireland on behalf of the investors. It has the scale and experience of managing large-scale privately funded forestry assets across the world.

5. Who will own the land?

- The fund owns the land. The ultimate beneficial owners of the fund are the investors in proportion with their level of investment.

6. What assurances can Coillte provide that this fund acquiring land won't drive up land prices for Irish farmers?

- We do not believe that the scale at which the fund will be active will have an effect on overall land prices in Ireland. It is not our intention to drive up the price of land, and it is not in our interests to do that.

7. Why can Coillte not fund the afforestation from its own profits?

- There is an urgent need for Ireland to meet stretching climate action targets and creating new forests is integral in the achievement of these targets.
- The scale of the investment that Coillte can make will not be adequate to deliver the significant increase required in afforestation, for Ireland to meet its climate action targets.
- Therefore, it is critical that we work with the Irish Strategic Forestry Fund to attract third party capital - from responsible long-term investors - and we are pleased that ISIF is the cornerstone investor.

8. Where do the fund's profits go?

- The fund is designed to generate profits from the business of forestry and timber production. These profits will be retained within the fund and from time to time be distributed to the investors in a similar way as a company distributes dividends to its shareholders.
- The initial investment in the fund will generate significant local economic activity from using forest management companies to acquire, plant and manage the land, to the wood production stage of the investment which will provide low carbon construction products to Irish sawmills.

9. Is this a vulture fund?

- This is not a vulture fund, in fact it's the complete opposite – typically a vulture fund looks to acquire distressed assets, normally debt, and turn these assets around quickly for short-term gain – forestry funds due to the time it takes to plant and grow forests attract long-term investors such as pension funds.
- Unlike a vulture fund (insofar as that term is commonly understood), the fund will be long term in nature, will generate secure, low-risk, long-term returns for its investors, and of critical importance, the fund is designed to deliver important national and societal benefits. It will do this by strengthening the overall Irish Forest industry, for all participants, while delivering growth in jobs, increased recreational spaces and supporting the national climate change agenda. These features make this fund attractive to investors who value ESG benefits, not just financial returns.

10. Why is an investment fund manager like Gresham House required?

- The fund is set up under the Alternative Investment Fund Management Directive (as adopted in Ireland) and is required to appoint a regulated Alternative Investment Fund Manager. Gresham House holds the required licences and has been appointed to that position by the fund.

11. Can this fund avail of afforestation grants and premia?

- Yes this fund will be able to access afforestation grants and premia and will be fully compliant with the rules of any licencing, permitting and grant application schemes.
- It's important to note the fund will not be able access the Single Farm Payment.

12. Who is Gresham House and what are their credentials?

- Gresham House is a specialist alternative asset management group, dedicated to sustainable investments across a range of strategies, with expertise across forestry, housing, infrastructure, renewable energy and battery storage, public and private equity.

- The fund is Gresham House’s third major initiative in Ireland over the past year. It has an existing capability in real assets in Ireland, including in battery energy storage, forestry, solar, and sustainable infrastructure.
- As a signatory to the UN-supported Principles for Responsible Investment (PRI), Gresham’s vision is to always make a positive social or environmental impact, while delivering on its commitments to shareholders, employees and investors.

13. Who is ISIF?

- The Ireland Strategic Investment Fund (ISIF) is a sovereign development fund which has a mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland. ISIF is controlled and managed by the National Treasury Management Agency, a State body which provides asset and liability management services to the Irish government.
- ISIF is the cornerstone investor in the Irish Strategic Forestry Fund.

14. Coillte has an ambition to enable the creation of 100,000 hectares of new forests. How does it plan to do this?

- In April 2022, Coillte announced its strategic vision to enable the creation of 100,000 hectares of new forests by 2050, half of which will be native forests and half will be productive forests. For us to achieve this, we need to use both existing public land and access private land.
- Our ambition to enable the creation of 100,000 ha of new forests by 2050 is obviously a long-term target and it will take time to ramp up to the c.3,000 hectares of afforestation per year required to achieve same. For context, in 2021 Coillte planted c.50 hectares of afforestation, in 2022 we planted c.200 hectares and this year we aim to plant c.400 hectares of land.
- We will ensure that we ramp up in a responsible and proportionate way as the overall national afforestation level increases.
- We’re actively engaging with local authorities and other public entities to identify potential public land suitable for afforestation and this will likely be focused on native woodlands.
- As we said when we launched the strategic vision in April 2022, there will be a significant cost, upwards of €2 billion, to deliver on our afforestation ambitions. Coillte simply does not generate the capital required to achieve this on its own and therefore, must access third-party capital. Coillte needs to collaborate with third parties to access the capital required to create new forests.
- Regarding the price of land, it should also be noted that there are many other land uses such as agriculture and infrastructure, and other economic factors that impact the price of land, and in overall terms, forestry is a relatively small proportion of this.
- Coillte currently manages 50% of forests in Ireland and our afforestation ambitions aim to contribute around 20% of the national afforestation target. This will deliver a meaningful contribution towards the target, but it also reflects the necessity for farmers and private forestry companies to deliver the majority of future afforestation in Ireland, which is urgently required in order to meet our climate action targets.

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