



Coillte Enterprise is the venturing arm of the Group and seeks to identify new business opportunities and extract value from the Group's broad asset base. It comprises our renewable energy business – wind and biomass, telecommunications masts and related infrastructure, land sales and development, Coillte Nurseries, Coillte Wood Products and Coillte Training and Safety Services. 2011 saw significant progress on the delivery of our strategic objectives, despite a very challenging economic environment in Ireland.

## **Wind**

Coillte is a significant player in the wind farm development sector in Ireland with a portfolio of 11 projects in 9 counties with the potential to generate over 400 MW of electricity. We work in partnership with State and private companies to manage projects through all the various stages of the process of planning and building a wind farm.

In 2011 we continued to deliver on our strategy to add value across the entire site portfolio. Planning consent was secured for Phase 2 of the Cloosh Valley project in Galway. Following a positive planning decision from Roscommon County Council in respect of our wind farm project at Sliabh Bawn, the decision was appealed to An Bord Pleanála. Since year end the original decision to grant planning permission for Sliabh Bawn was upheld by An Bord Pleanála and revised planning application was approved for the Raheenleagh project in County Wicklow, which will maximise the financial returns on the project.

The preferred turbine supplier was selected for the Straness project in County Donegal, and an invitation to tender was issued for the civil and electrical engineering works on the project. Gate 3 grid connection offers were received on all projects and offers accepted on Cloosh Valley and Raheenleagh, which allows us drive value on these projects during 2012.

Major progress has also been made in advancing key policy issues in wind energy and Coillte continues to establish a strong advocacy role in renewable energy. Our Chief Executive spoke at the Irish Wind Energy Association (IWEA) Autumn Conference in Killarney on the €10 bn inward investment opportunity for Ireland that exists in wind energy.

### Telecommunications Masts

Coillte manages a portfolio of 110 telecommunications mast sites across the country, with 400 individual masts operating on these sites, which demonstrates our position as a leading player in Ireland's telecoms infrastructure. A comprehensive Telecoms Strategy was completed in 2011 which set out an ambitious programme for Coillte to grow its position in the telecoms sector over the next 5 years.

In 2011 we also developed a new telecoms website and rolled it out to our customers, allowing them access to detailed technical information on our full portfolio of sites thus enabling radio planners to optimise and enhance the design of their networks with reference to Coillte's infrastructure offer.

We also commenced a procurement process in late 2011 for partners who can assist Coillte with providing fibre optic infrastructure to our existing radio mast network. This new development will place Coillte's infrastructure at the cutting edge of support for next generation high capacity mobile devices.

### Biomass

In our Biomass business we signed our first long term fuel supply contract with an industrial renewable heat customer in September – pharma company Astellas in County Kerry. This represents a major milestone for the business.

Given our logistics and haulage infrastructure and our knowledge of this market we see significant opportunities for Coillte in this sector. We continue to work with our partners Sisk / CES to develop opportunities in this area.

### Land

Despite the downturn in property sales, Coillte delivered 49 individual property sales in 2011, in line with the number of sales in 2010. The market is expected to deteriorate further in 2012 but we will continue to make land available for a range of community and agricultural projects as well as pursuing any commercial opportunities that may arise.

### Outlook

The market and business environment for Coillte Enterprise in 2012 will continue to be challenging.

However, the opportunities in Telecoms are considerable as we leverage our position as a leading infrastructure provider in an environment where the roll out of LTE (the next generation technology required to support the data demands of smart phones, video etc.) is expected to pick up considerable pace in 2012 driving a demand for sites with fibre optic cable connections to the network.

In wind energy, a renewed focus on the export of renewable energy, with construction commencing on the electricity interconnector to the UK, will deliver opportunities for participation in large scale projects with potential joint venture partners.

The operating environment for our land business continues to be very difficult with potential buyers experiencing difficulty in accessing funding for property transactions and the decline in the construction industry, which is reflected in projections for a maximum of 10,000 new houses in 2012.

Despite these market difficulties, we will continue to progress on a number of land and energy sales and we will deliver on our clear strategies and plans in wind energy, biomass and telecoms.

### First major industrial biomass contract won



Coillte delivering biomass into Astellas Plant.

Coillte and Astellas Ireland Ltd announced in October 2011 the conclusion of a 5 year agreement for the supply of biomass fuel for a new 1.8MW boiler in the Astellas pharmaceutical facility in Killorglin, Co. Kerry. The first deliveries of wood chips from Coillte to Astellas Ireland have since begun.

Astellas Ireland Ltd operate a state of the art pharmaceutical facility in Killorglin, Co. Kerry. The facility serves the worldwide market as the manufacturing base for the formulation and packaging of Prograf and Advagraf, drugs used in the treatment of organ rejection in transplant surgery. Over 300 people are employed at the plant.

This contract was a significant milestone for Coillte - our first contract to supply biomass material for an industrial heat application. Biomass can play an important role in reducing greenhouse gas emissions and mitigating climate change and this contract will displace fossil fuels at the Astellas Killorglin facility. This is also an important commercial development for Coillte which will also have a positive impact on the South Kerry region through the development of a local biomass energy supply chain.

Both Coillte and Astellas Ireland Ltd are committed to a biomass strategy that matches renewable energy requirements with local biomass supply, and we look forward to working closely together on this in the years ahead.