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Matre Forestry Consulting, Inc.

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Dear Matre Forestry Newsletter Subscribers,

We recently wrapped up a clearcut of +-30 year old planted slash pine that had NEVER BEEN THINNED. We have analyzed the harvest results, and we also took the actual stand data and plugged it into a growth and yield model to simulate two thins. Since the site is old field, we also looked at the results had it never been planted in pine, and instead leased to a farmer.

Following are the brief results (we used to get long and detailed, but in this day and age of info overload, I will keep it short and sweet. Also, I do not have time to be long winded, and I bet you do not have time to read pages and pages. So enjoy the brevity).

Sale: +-26 acre per ton clearcut, Dougherty Co GA, +-30 year old planted slash pine on old field site, never thinned

Cruised Estimate: \$84,911 (with a +-12.5% Standard Error of the Sample Calculated at a 90% Confidence Limit; 29 Cruise Plots (10BAF))

Actual Harvested Gross: \$80,733

Cut Out: -4.92% on money. -4.58% on tons. Not to shabby. I included this to toot Matre Forestry's horn. Credit also goes to the timber buyer Culpepper Timber Resources and the logger Don Thornton. In a no thin stand eaten up with suppressed diameters and cankers, plus fighting mill quota and mill quality specifications, a cutout this close is very nice.

Actual No Thin Rotation Performance Vs. Simulated Thinning Rotation

NO THIN ROTATION: 4.95 tons per acre per year

TWO THIN ROTATION: 5.40 tons per acre per year

NO THIN ROTATION: Total Net \$2564 per Acre

TWO THIN ROTATION: Total Net \$2723 per Acre

FARM LEASE FOR 30 YEARS: Total Net \$1664 per Acre

NO THIN ROTATION: Net \$85.47 per Acre per Year (simple calculation)

TWO THIN ROTATION: Net \$90.77 per Acre per Year (simple calculation)

FARM LEASE FOR 30 YEARS: Net \$55.47 per Acre per Year (simple calculation)

NO THIN ROTATION: \$203 Rotation NPV at a 7% Discount Rate

TWO THIN ROTATION: \$329 Rotation NPV at a 7% Discount Rate

NO THIN ROTATION: 10.63% Internal Rate of Return

TWO THIN ROTATION: 13.40% Internal Rate of Return

Notes: Included in calculations: Reforestation Expense in 1987 of \$100 per acre; 2017 market timber prices for actual 2017 clearcut; 2009 market timber prices for simulated 2009 2nd thin; 2001 market timber prices for simulated 2001 1st thin; annual misc. cost of \$2.81 per ac in 1987 increasing \$6.00 in 2017; clearcut total expense of 11%; 2nd Thin total expense of 13%; 1st Thin total expense of 14%; estimated dry land rental rates by year (net \$36 per acre per year 1987, increasing to net \$77 per acre per year in 2017). No CRP payments were included in the analysis (the stand was not in CRP).

Conclusion

Wow! There it is. Real world data showing that thinning planted pines far beats a no thin rotation. And it is commonsense. Thinning brings money in sooner in the rotation; improves growth rates; improves tree quality (when done right); and increases total revenues. Also, the wildlife habitat is much better in thinned pine plantations, due to improved wildlife ground cover and browse.

Have a great weekend, and consider investing in timberland - you will be glad you did. Besides building net worth through timberland investing, you can even go out there and enjoy your woods from time to time!

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Sincerely,

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