

Turning  
Your Trees Into

**Growth  
Assets.**

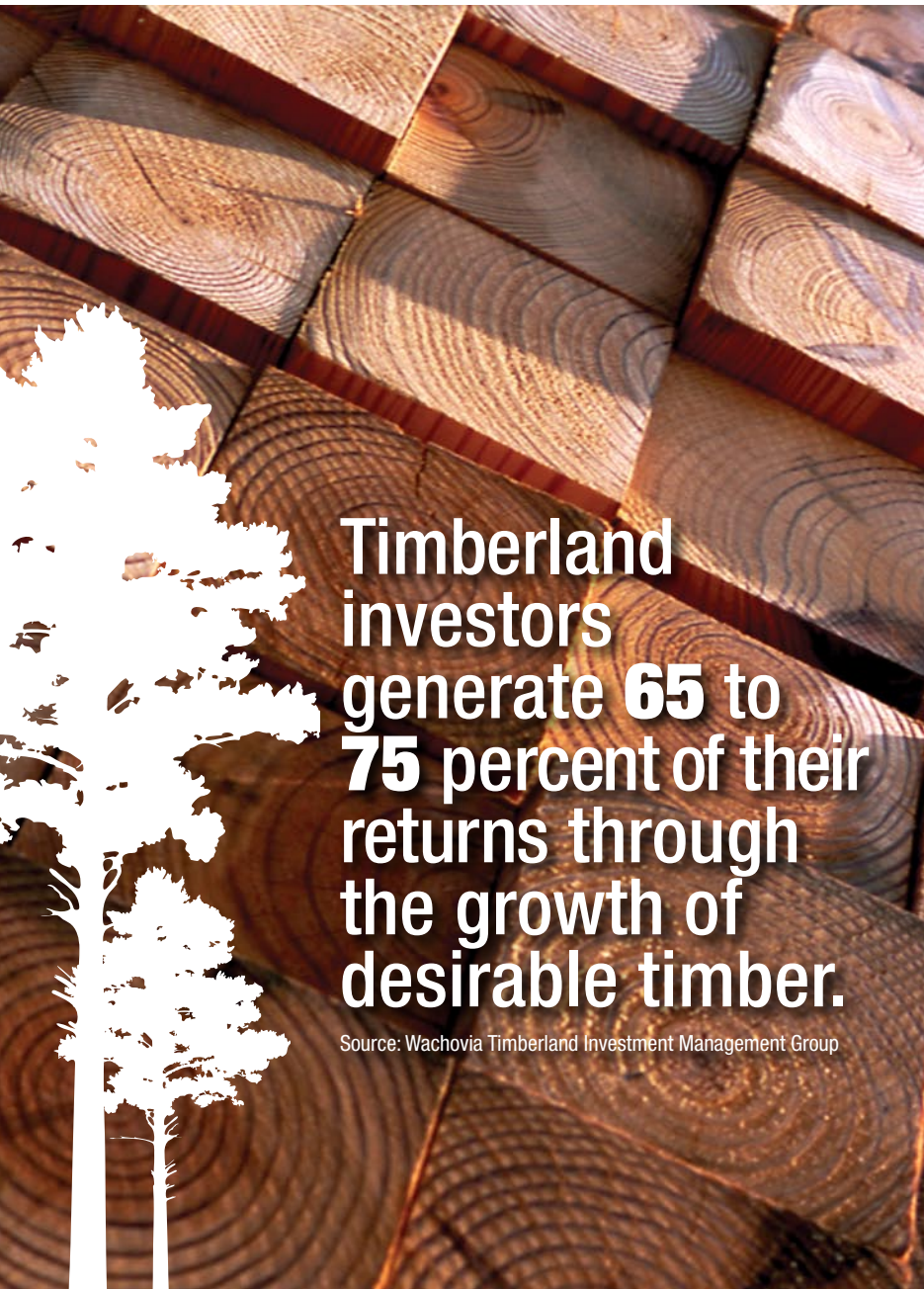
Professional  
Vegetation  
Management

 **BASF**

The Chemical Company

Faster pine growth. Increased timber volume. Greater return on investment. Sounds like a forest landowner's dream, doesn't it? But for landowners with a solid management plan, money really *does* grow on trees.

Like any asset, timberland must be properly managed in order to provide a healthy return. Whether your goal is to create a more beautiful forest, increase recreation opportunities or generate more income, an effective forestland management strategy can continually increase the value of your property and build potential returns on your investment.



Timberland investors generate **65 to 75** percent of their returns through the growth of desirable timber.

Source: Wachovia Timberland Investment Management Group

## Dollars and Sense.

Over time, forest property can prove a strong investment. Even when timber market prices are low, the long-term nature of timber production can withstand market fluctuations until prices rise.

Institutional investment in timberland accounts for more than \$14 billion, according to Hancock Timber Resource Group year-end 2004 estimates. Historically, investments in timberland have provided total real returns (net of inflation) of 6-10% and nominal returns of 9-15%.<sup>1</sup>

Timberland investments offer low volatility, competitive returns, and aren't necessarily affected by the same forces that usually impact other forms of private equity. Even so, today's forests exist in an era where pollution, disease, invasive species and fire-suppression policies can significantly impact their health and growth. Now, more than ever, our timber resources must be proactively managed for the long term.

<sup>1</sup> Hancock Timber Resource Group. [www.htrg.com/educate/timber](http://www.htrg.com/educate/timber)

# Be Selective.

As trees grow older and larger, they increase in value. Generally speaking, the life cycle of a well-managed timber stand is from 25 to 30 years. At the end of each rotation, mature pine trees are harvested and sold on the timber market, and the stage is set to plant again. Reforestation ensures the forest remains a sustainable, vital resource.

Successful forest landowners and managers observe the principles and practices of **Quality Vegetation Management™ (QVM)** throughout the forest life cycle. **QVM** uses proven strategies – including professional certification, technical training and the responsible use of herbicides – to increase timber production, control unwanted vegetation and restore and improve plant, animal and human habitats.

Selective herbicides in particular enable landowners to produce higher value timber in less time. Such products effectively eliminate the undesirable weeds and hardwoods that inhibit timber growth and help re-establish native wildlife habitats. The end result is a healthy, balanced ecosystem that provides increased wildlife diversity and significantly higher incomes. An effective forestland management program generally involves a four-step process aimed at renewing nature’s intended cycle:

**Site preparation** occurs before planting and implements the use of herbicides to clear competing and undesirable vegetation.

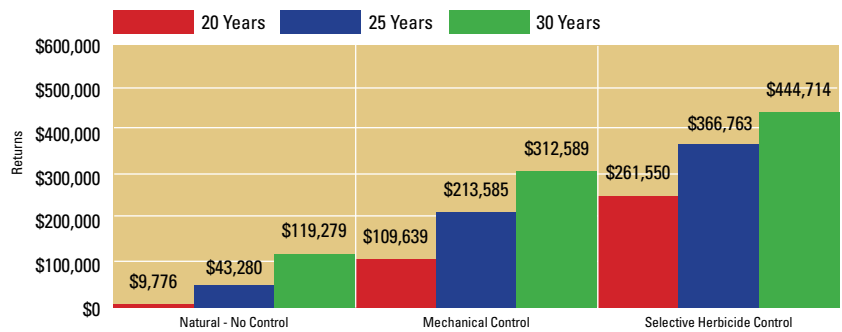
**Herbaceous weed control** employs the use of targeted herbicides during the first and/or second growing season to reduce weed competition, improve seedling survival rates and increase growth.

**Early release**, also known as conifer release, helps release established trees by removing the hardwood brush that competes with pines for needed nutrients, sunlight and water.

**Mid-rotation release** uses targeted herbicides to release trees from competing hardwood brush halfway through a forest’s life cycle. Mid-rotation release helps improve visibility, increase wildlife-preferred food sources and boost timber growth.

## Impact of Management Practices on Timberline Returns

Based on 100 acres of Loblolly Pine



Note: Assumes price per ton of \$5.79 for pulp; \$29.06 for saw timber. Does not include reforestation costs, income other than timber or capital gains.

Selective herbicides can nearly triple a timberland’s potential returns – compared to returns from unmanaged timberlands.





**According to a study conducted by the Department of Wildlife and Fisheries at Mississippi State University between 1998 and 2001, managed forestland produced significantly higher wildlife food and ground cover plant abundance than unmanaged land. More than 90 different native plant species were reported in managed pine stands – 75 percent of which consisted of preferred food sources for upland game birds, non-game birds, rabbits and white-tailed deer.**

## Pining for Profits.

While most forest landowners focus on maximizing their return in the area of timber yield, properly managed timberland can generate financial returns in a variety of ways throughout a forest's life cycle.

Sawtimber usually brings the highest market prices, but smaller trees can be harvested as “chip and saw” lumber or pulpwood, or sold to manufacture paper products and potential biofuels.

Managed forestland provides other opportunities for income, as well. Often easier to access and more abundant in plant and animal wildlife, managed land is usually more desirable to hunters and weekend recreationists. Many outdoor enthusiasts willingly pay user fees to access private forestland for bird watching, camping, fishing, hiking, horseback riding and wildlife or wildflower photography.

Hunting leases also generate significant income. According to *Game & Fish Magazine*, cost-per-acre lease fees have seen a sizeable increase since 2001. Now in the double digits, these fees will likely continue to rise, as highways, suburbs and strip malls swallow up rural areas and wildlife habitat, putting hunting lands at a premium. Another source of forestland income is pine straw. Once limited to a few areas of the United States – Florida, Georgia and Alabama have been harvesting pine straw commercially for the last 30 years – harvesting pine straw has become increasingly popular among forest landowners seeking additional sources of income. Used throughout the South as landscaping mulch, pine straw today annually generates millions of dollars throughout the Southeast. Landowners not interested in harvesting pine straw on their own can sell harvesting rights to independent suppliers, who may pay as much as \$150 per acre for the right to harvest fallen needles.

Conservation easements provide yet another financial incentive, enabling landowners to reap tax benefits by working with a conservation organization or public agency to protect specific resources on their property. Conservation easements protect wildlife habitat, ecological diversity and forest beauty, as well as provide economic and community benefits related to forest products, goods and services. In addition, conservation easements protect specified conservation values for the long term, by restricting the amount of development and activities that can take place in the future. By donating a conservation easement, a landowner eliminates or limits potential development on his property, and receives potentially significant benefits from income, estate and property taxes.

Landowners may also reap financial returns in the form of carbon credits. Carbon sequestration refers to the long-term storage of carbon in both vegetation and soils. It helps decrease the level of CO<sub>2</sub> (greenhouse gases) concentrations in the atmosphere and increase the oxygen. Landowners who participate in carbon sequestration efforts may be eligible to sell “carbon credits” to buyers needing to offset the amount of CO<sub>2</sub> generated through manufacturing or other carbon-dioxide-producing activities. Essentially, corporations are allowed to pay landowners to store carbon in exchange for the right to release CO<sub>2</sub> into the atmosphere. According to the U.S. Environmental Protection Agency, forest landowners can increase the amount of carbon stored on their property in many ways, including afforestation, reforestation, forest preservation and other forest management practices.



## The Bottom Line.

How you manage your land will likely depend on the land itself, as well as your long-term investment and management goals. But one thing is certain: proper forestland management can help ensure your timberland investment will continue to grow and provide returns for generations to come.

For best results in implementing a long-term, investment-minded timberland management strategy:

- **Create a land management plan** to achieve optimum long-term results.
- **Identify sources of income** you wish to pursue from your timberland investment.
- **Control undesirable vegetation** early to dramatically improve timber yields.
- **Use a QVM Certified Forestry Advisor** to help your forest meet its income potential. To locate a **QVM Advisor** in your area, go to **[www.vmanswers.com](http://www.vmanswers.com)**.







**QVM** is a set of principles that creates and sustains healthy habitats through professional, ethical and responsible practices.

Learn more at:  
[www.vmanswers.com/QVM](http://www.vmanswers.com/QVM)

For more information about getting more out of your forestland investment with **QVM**, call your nearest BASF ProVM sales specialist at **1-800-545-9525**, or visit [www.vmanswers.com](http://www.vmanswers.com).

Always read and follow label directions.

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