

ARMSTRONG BROOK FOREST

A northern Maine timberland investment with an established road network, moderate terrain, scenic water features, and a recent inventory indicating a capital timber value of \$2.5 million.



**7,003 GIS Acres
Stockholm, Aroostook County, Maine**

Price: \$2,800,000

LOCATION

Armstrong Brook Forest is located in the small northern town of Stockholm, Maine, a farming and former sawmill town founded by Swedish immigrants in 1870. Located about twelve miles north of Caribou and equally distant from Quebec, Canada, Stockholm also attracted French-speaking Acadians who migrated down to work in the town's three sawmills in the late 19th century.

Today, the sawmills are gone, but many of the town's 250 or so residents are still engaged in farming as evidenced by the patchwork of cultivated fields blanketing the countryside. That same agrarian patchwork dominates the landscape throughout the entire Aroostook River valley with Caribou "the most Northeastern City in the US", sitting on one bend of the river, and Presque Isle, the county seat and home to the University of Maine, sitting on another bend.



The landscape of far northern Aroostook County is a patchwork of fields, forest and old farmsteads like this one above.

Despite its remote location, the property is well located for convenient transport of forest products to numerous mills in Maine and northwest New Brunswick. Local markets for spruce/fir high-grade to high production sawmills are excellent, with Irving's new mill in Ashland and another state-of-the-art mill in nearby New Brunswick.

The northern terminus of Interstate 95 is approximately one hour to the south in the town of Houlton, along the Canadian border. Bangor, Maine is located another two and a half hours south from there.

ACCESS

The forest has a well-established, gravel road network providing ample, year-round access to nearly every corner of the property. A town-maintained gravel road bisects the southeastern corner about a mile north of the village center. This road connects into the private road network which is maintained only during times of active harvesting operations.

The second public access is a former railroad right-of-way which passes through the entire tract, running from Route 161 and bisecting the western half where it defines a portion of the property boundary before traveling north into the next township. The Bangor & Aroostook Trail is designated a public ATV trail. A truck road crosses in only one area and forest operations are uninterrupted by the use of the ATV trail.

A gravel road enters the southern boundary of the parcel fronting Route 161. Several winter road spurs exist in areas where soils are best operated under frozen conditions—especially to access the mature northern white cedar that favors these growing sites.



The town-maintained California Road crosses over the southeast corner of the parcel, providing easy access to the private internal road network.

SITE DESCRIPTION

Broadly, the parcel is comprised of three to four modest plateaus separated by small brook channels. Topography ranges from nearly flat to gently rolling with a few moderate slopes in the northeast corner. Soils are generally well-drained on the plateaus and upper slopes. The flat areas near the brooks and elsewhere exhibit moist soils favorable to spruce/fir and northern white cedar. The majority of these areas can be managed under frozen ground conditions using the existing winter road network.

Four brooks wind through the forest: Armstrong and its small East Branch tributary, Cedar, and Snake, all of which eventually join into one channel and flow into the Little Madawaska River, which carves the southern corner of the parcel. The internal road system has established crossings over these brooks in the form of culverts and bridges.



The forest blankets the rolling terrain, cedar flats and upland slopes in this photo taken after a major snowstorm in late November.

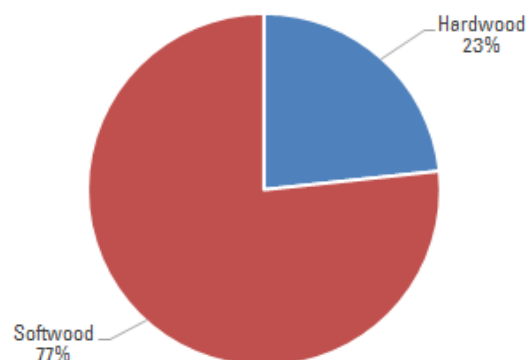
TIMBER RESOURCE

The forest supports three distinct timber types typical of the region; 1) spruce/fir represented by a young age classes just entering merchantable sizes, 2) northern hardwoods comprised of a good mix of quality hard maple and yellow birch and 3) northern white cedar growing in the flat, low-lying areas of the forest.

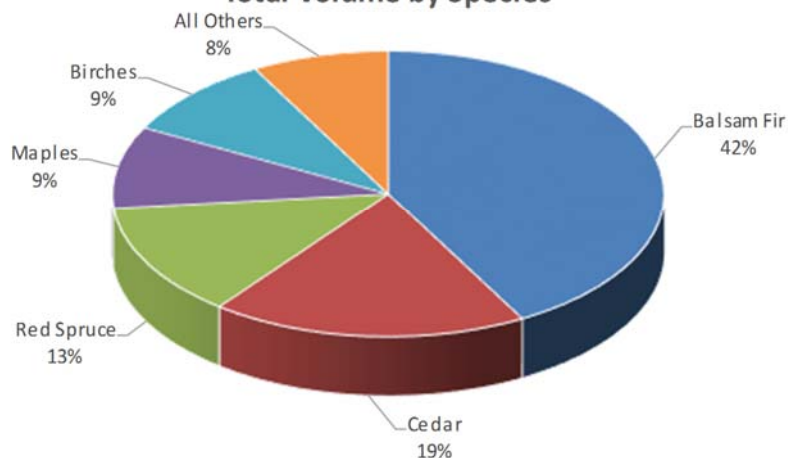
The young spruce/fir trees are just now growing into merchantable sizes and, for the next couple of decades, will be growing at their fastest, well over twice the average growth rate. The recent inventory shows a gain of about 20,000 total cords from 2005, a good indication of their rapid growth. Due to their many small diameters (5" to 7"), these young stands are not yet operable to harvest efficiently. Smart timber investors look to buy lands with trees in these age classes where the most expensive holding years have been born by previous owners.

The mature hardwood acres are the most attractive to buyers today. They are well stocked with good-sized trees offering a mix of quality. While recent thinning has focused on the hardwood sawlogs to cover holding costs, residual stocking levels and stem quality remain favorable for a long-term, attractive investment opportunity.

**Hardwood vs Softwood
as a Percentage of Total Volume**



Total Volume by Species



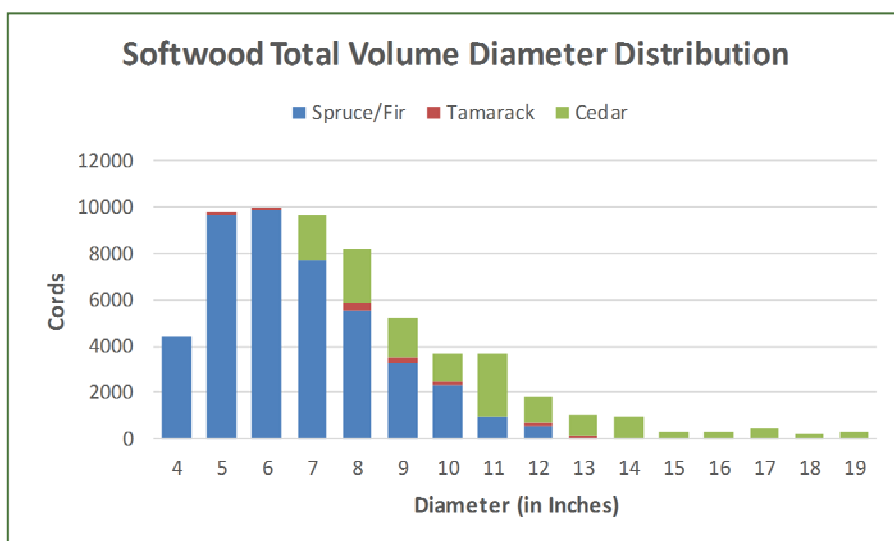
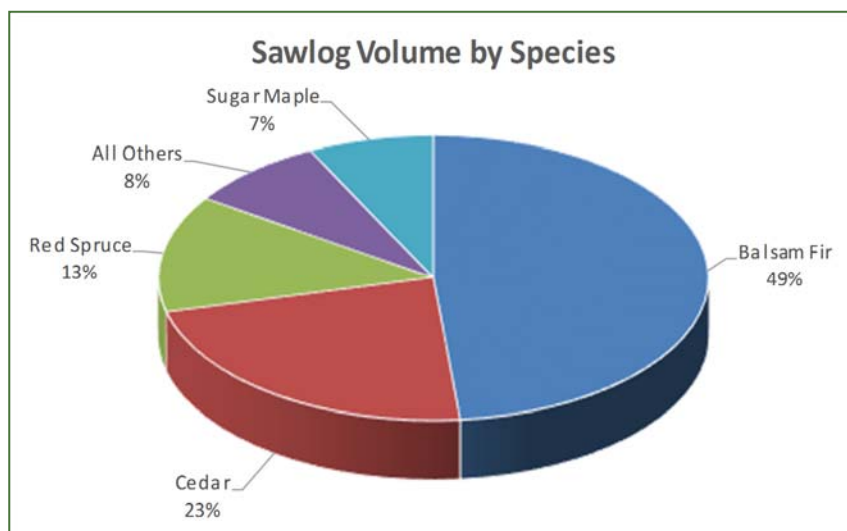
TIMBER RESOURCE (continued)

2015 Timber Inventory:

Data in this report are based on an August 1, 2015 timber inventory conducted by the owner's forest manager in conjunction with L.E. Caldwell Company of Turner, Maine. The data were processed using TallTimber, a proprietary inventory software. A total of 203 points using a BAF 15 prism were established on a grid system using ArcMap's geo-referencing tool, with some adjustments made for non-commercial ground. At a 95% confidence interval, the inventory resulted in a standard error of $\pm 18.3\%$ per acre for all sawlogs and $\pm 12.5\%$ for total volume of all products. The number of plots and variability of volume between plots contributes to these margins. There has been no further harvesting since the inventory and volumes have been adjusted to account for one year's growth.

The resulting sawlog volume is 10,673 MBF International 1/4" scale (1.653 MBF/commercial acre) and 60,435 pulpwood cords (9.4 cords/commercial acre). Combined total commercial per acre volume is 12.7 cords. Current stumpage values were assigned by Fountains, producing a property-wide Capital Timber Value (CTV) of \$2.5 million (\$355/acre).

The spruce/fir stands are growing extremely well, but still have diameters too small to operate efficiently. These stands are roughly ten years from being fully operable (see diameter distribution graph). The current average tree size is ideal to buy as a timber investment, as stems grow into higher-valued sawlog sizes over the next decade. The operable stands today are limited to the mature hardwood not yet harvested and some cedar stands. This suggests that the best investment strategy for this forest is to hold the property for another 5-10 years. Many timber investors would do so, particularly given the new investment in modern sawmills occurring nearby in Ashland, Masardis, and St. Leonard.



A dense stand of spruce and fir in the 5 to 8" diameter size class is a common sight on the forest. Balsam fir comprises 49% of the total sawlog volume; followed by cedar at 23% and red spruce at 13%.

TIMBER RESOURCE (continued)

Sawlog Volume:

Given the species composition strongly favors northern softwoods, the chart to the right clearly shows spruce and fir leading both in sawlog volume and value with northern white cedar a respectable second. Sugar maple has long-term potential to contribute more value but will warrant a longer rotation age than its softwood associates.

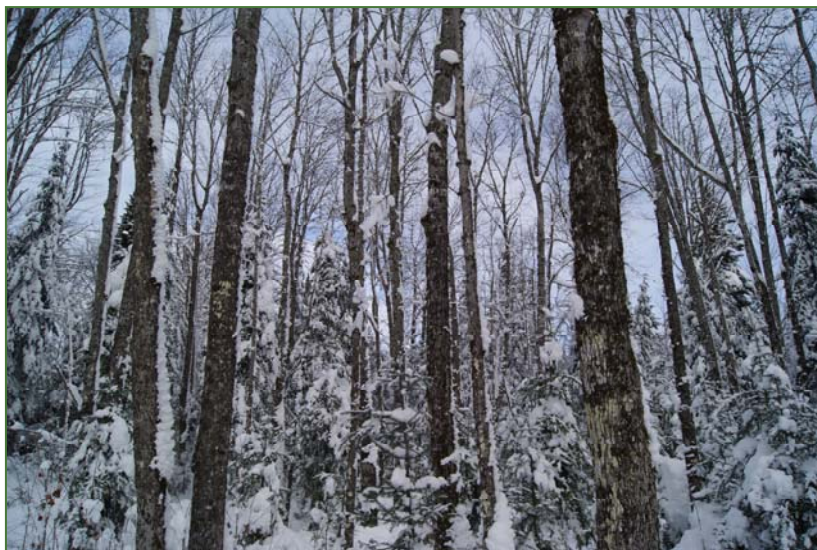
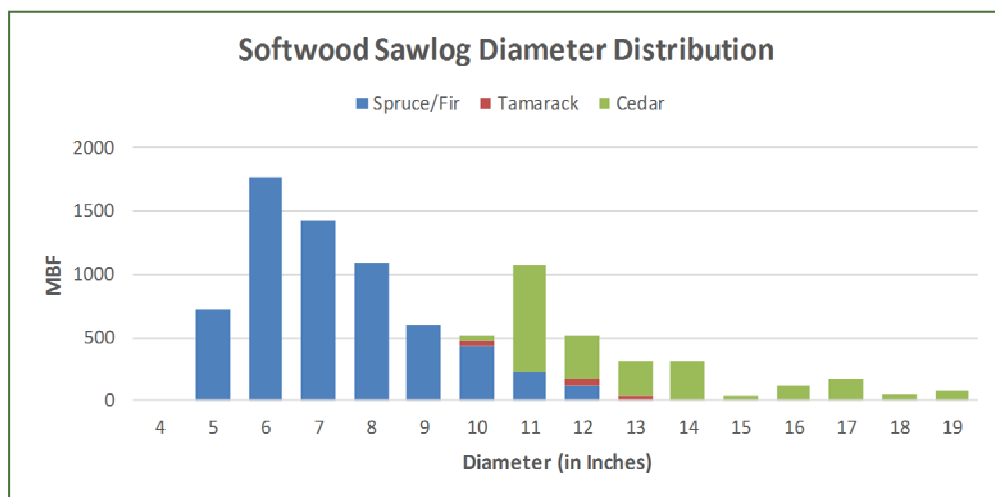
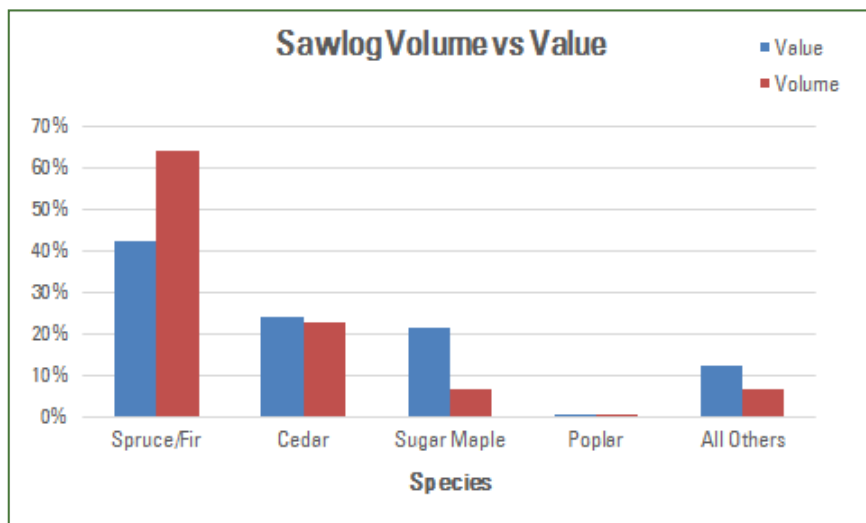
Diameter Distribution:

Note the strong representation of spruce/fir stems in the 6" to 8" category in the chart below. While merchantable today as pulpwood or hygrade, there is greater opportunity for the patient investor to allow these trees to mature into larger more valuable sawlog size classes.

Future Silviculture and the Spruce Budworm:

Recognizing the significant spruce/fir composition of the forest, investors will want to become informed of the spruce budworm and its affects on forest health. The spruce budworm is a native insect that feeds on the needles of fir and spruce trees which, over time, can kill the tree. The population expands on a 40-year cycle in sync with maturing spruce and fir. The majority of Armstrong Brook Forest's spruce/fir is young, thriving and well-managed, providing some natural buffer against a potential insect outbreak.

The Maine Forest Service offers a wealth of information regarding the current status of the budworm, ongoing detection efforts, factsheets, and recommended management strategies for landowners. For more information, go to the agency's website or contact the listing broker and discuss your questions directly with one of our forester/brokers.



A nearly pure sugar maple stand on the forest. Although hardwoods only comprise 23% of the total volume, there are some well-stocked stands with good stem quality that represent future income potential.

ZONING

With the exception of the state's Shoreland Protection Act, Stockholm has no formal zoning regulations. For landowners seeking to subdivide, the town desires a minimum house lot size of 3 acres with no less than 150 feet on a town-maintained road. Although Armstrong Brook Forest is considered primarily a timber investment, it does include three small lots with frontage on Lake Street, the main road into the village. Depending on soils, the moderate terrain may offer some potential for small-scale residential development.

TAXES, ACREAGE AND TITLE

Municipal property taxes in 2016 for four separate tax parcels were collectively \$25,329.18. Although all four parcels are enrolled in Maine's Tree Growth Tax Program, the total tax is higher than timber acres in surrounding unorganized townships. This is due solely to Stockholm remaining a self-governing community with a very low tax base.

The deed describes the bounds of each tax lot contained within the subject parcel; however no total acreage is noted. Stockholm tax maps indicate a total of 7,024 acres. Fountains' GIS acres reference 7,003 acres. For purposes of marketing, the GIS acres serve as the primary reference.

The property is owned by Eric H. Coe, Jr. whose warranty deed was recorded on March 7, 2006 in Deed Book 1490, Page 36 in the Aroostook County Registry of Deeds.

For copies of tax maps, deeds, or any other available information, please contact Fountains Land.



A major haul road cuts through the western portion of the forest.

Fountains Land is the exclusive broker representing the seller's interest in the marketing, negotiating and sale of this property. Fountains has an ethical and legal obligation to show honesty and fairness to the buyer. The buyer may retain brokers to represent their interests.

All measurements are given as a guide, and no liability can be accepted for any errors arising therefrom. No responsibility is taken for any other error, omission, or misstatement in these particulars, nor do they constitute an offer or a contract. We do not make or give, whether in these particulars, during negotiations or otherwise, any representation or warranty in relation to the property.

Armstrong Brook Forest

Timber Valuation

Prepared By

F&W FORESTRY SERVICES, INCORPORATED

Aroostook County, Maine
February 2017

7,003 Acres
6,458 Commercial Acres

Species	Volume MBF/CD	Unit Price Range			Total Value
		Low	High	Likely	Likely
<i>Sawtimber - MBF (International 1/4")</i>					
Spruce/Fir	6,825	45.00	55.00	50.00	341,200
Cedar	2,425	70.00	90.00	80.00	194,000
Sugar Maple	611	250.00	300.00	275.00	168,000
Yellow/Black Birch	207	225.00	275.00	250.00	51,700
Low Grade Boltwood	194	125.00	175.00	150.00	29,100
Hardwood Pallet	153	40.00	80.00	60.00	9,200
White Birch	36	125.00	200.00	150.00	5,400
Hemlock/Tamarack	127	30.00	50.00	40.00	5,100
Sugar Maple Low Grade	73	40.00	80.00	60.00	4,400
Poplar	22	40.00	60.00	50.00	1,100
<i>Pulpwood - Cords</i>					
Spruce/Fir Hygrade	26,706	45.00	55.00	50.00	1,335,300
Hardwoods	16,247	16.00	20.00	18.00	292,400
Spruce/Fir	6,216	4.00	8.00	6.00	37,300
Cedar	10,360	1.00	3.00	2.00	20,700
Tamarack	907	1.00	5.00	2.00	1,800

<i>Totals</i>					
Sawtimber Total	10,673	MBF			\$809,200
Sawtimber Per Acre	1.524	MBF			\$116
Sawtimber Per Comm. Acre	1.653	MBF			\$125
Cordwood Total	60,435	Cords			\$1,687,500
Cordwood Per Acre	8.6	Cords			\$241
Cordwood Per Comm. Acre	9.4	Cords			\$261
Total Per Acre					\$357

Total Value	<u>Low</u>	<u>High</u>	<u>Likely</u>
	\$2,350,000	\$2,620,000	\$2,500,000

BASED ON CRUISE DATA FROM AUGUST 2015 SUPPLIED BY THE OWNER

Volumes are based on 200 plots using a 15 BAF prism and have been adjusted for 1 year's growth.

Statistical error for the cruise was 18.3% per acre for MBF products and 12.5% per acre for all cord products at the 95% confidence level

The volumes and values reflect estimated total capital value of merchantable timber.

The volumes and values are not a liquidation value.

Prices are averages for the area and are adjusted to reflect, access, quality and operability of the site.

Fountains Land is a trade name for F&W Forestry Services, Inc.



Locus Map

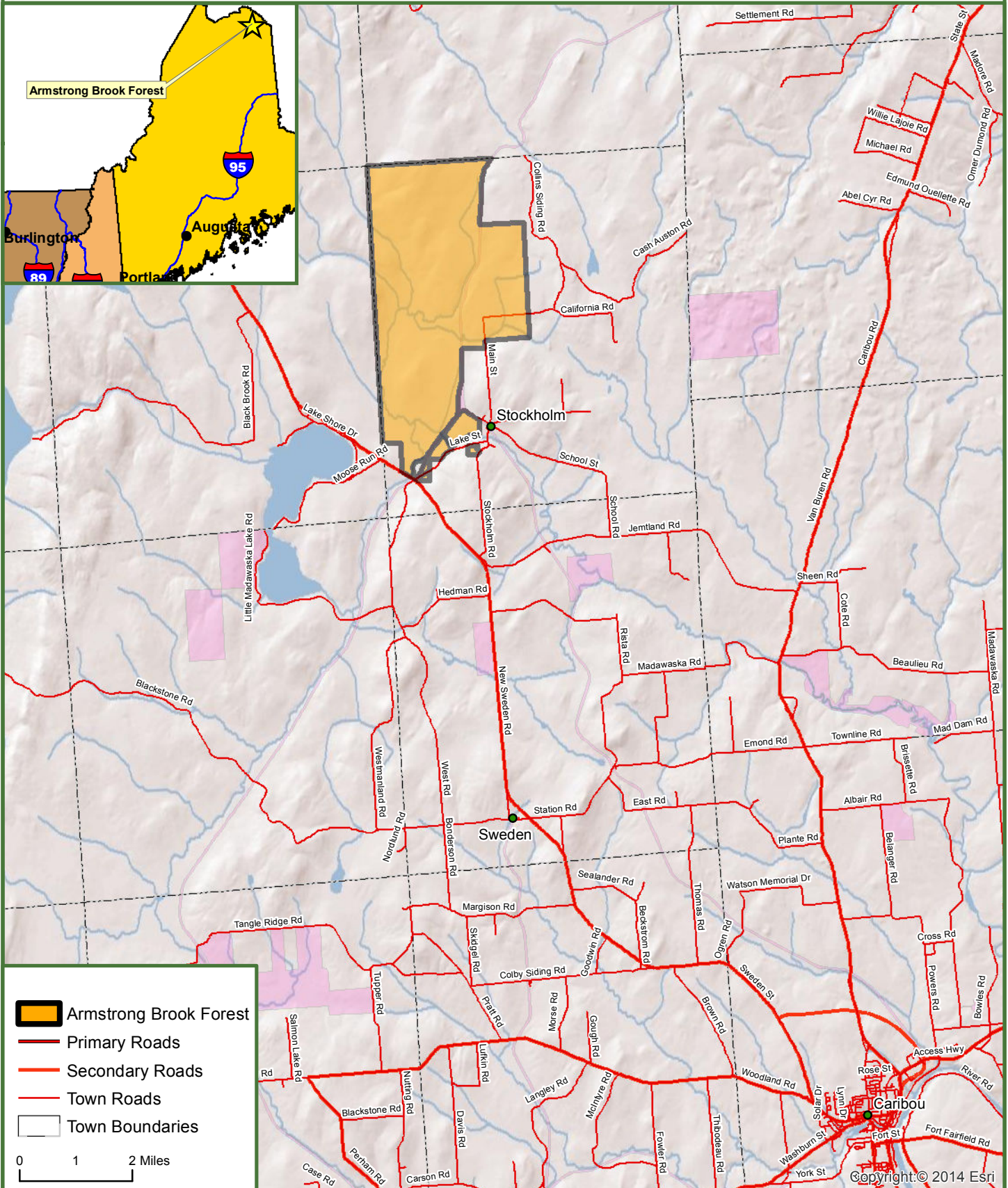
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7,003 GIS Acres

Stockholm, Maine



**Fountains
Land**
AN F&W COMPANY



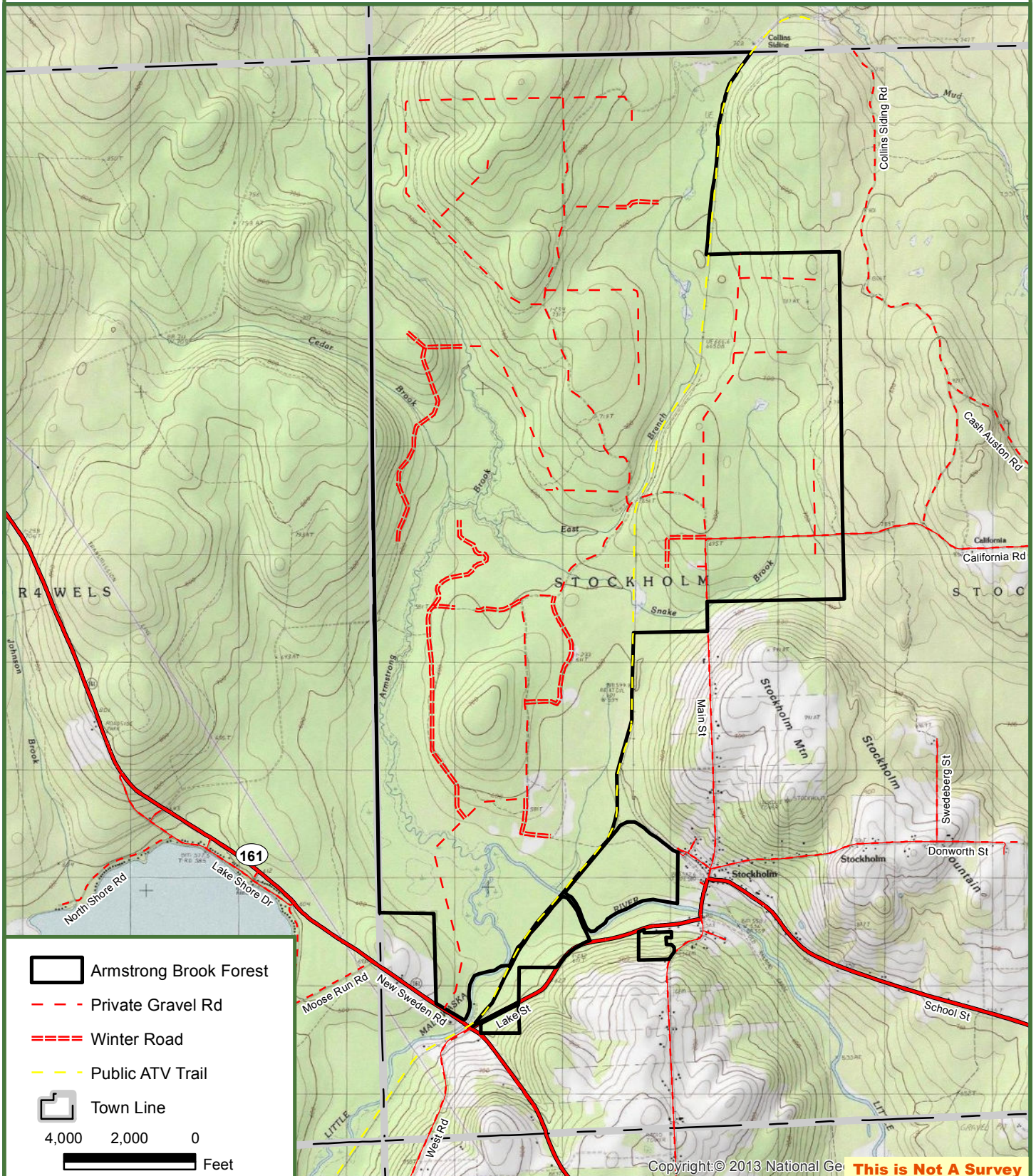


Armstrong Brook Forest

7,003 GIS Acres
Stockholm, Maine



**Fountains
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Map produced from information supplied by Seller, aerial photography and reference information obtained from ME GIS.
Boundary lines portrayed on this map are approximate and could be different than the actual location of boundaries found in the field.

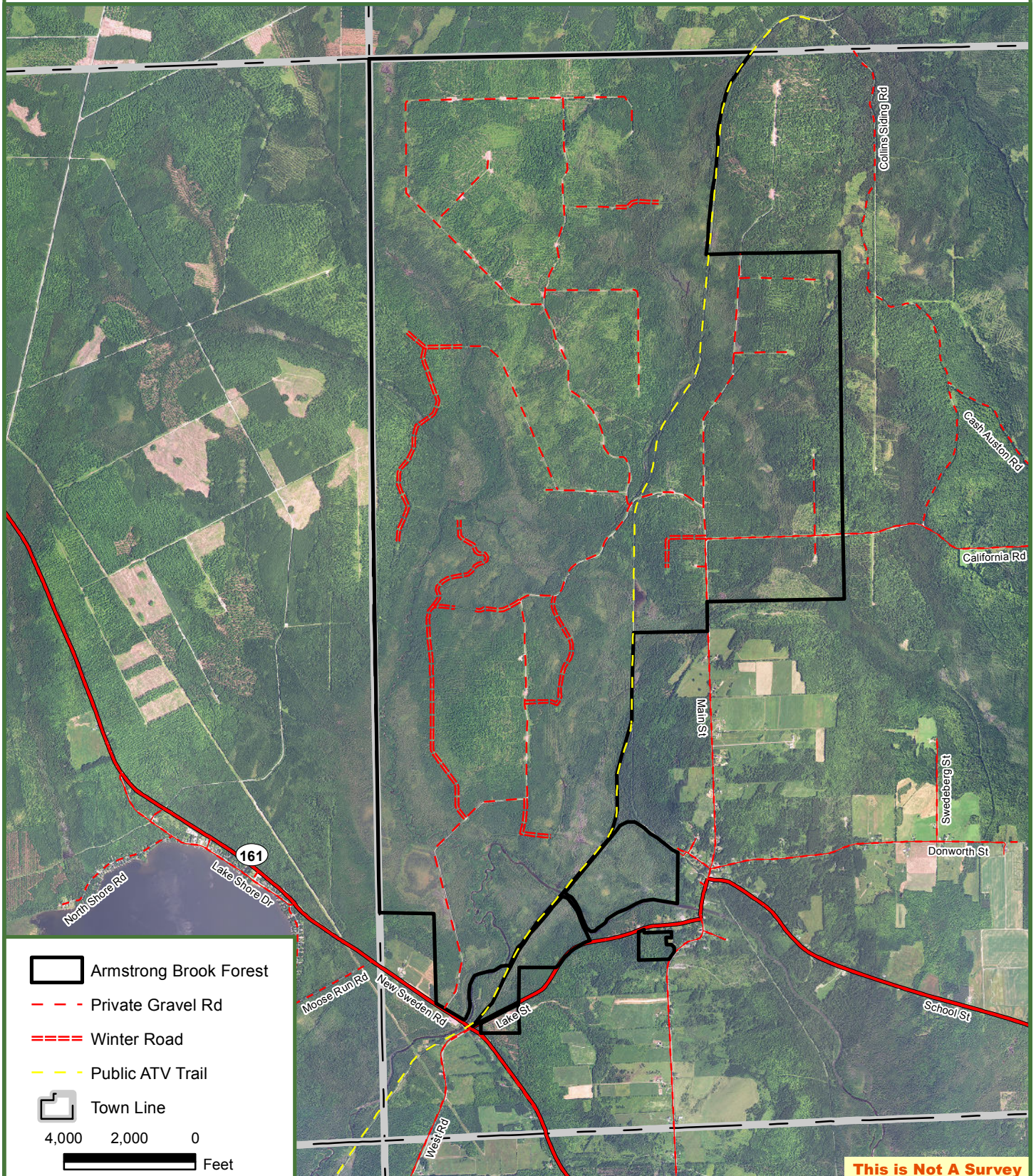


Armstrong Brook Forest

7,003 GIS Acres
Stockholm, Maine



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Land**
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MAINE REAL ESTATE COMMISSION

35 State House Station Augusta ME 04333-0035



REAL ESTATE BROKERAGE RELATIONSHIPS FORM

Right Now You Are A Customer

Are you interested in buying or selling residential real estate in Maine? Before you begin working with a real estate licensee it is important for you to understand that Maine Law provides for different levels of brokerage service to buyers and sellers. You should decide whether you want to be represented in

a transaction (as a client) or not (as a customer). To assist you in deciding which option is in your best interest, please review the following information about real estate brokerage relationships:

Maine law requires all real estate brokerage companies and their affiliated licensees ("licensee") to perform certain basic duties when dealing with a buyer or seller. You can expect a real estate licensee you deal with to provide the following **customer-level services**:

- ✓ To disclose all material defects pertaining to the physical condition of the real estate that are known by the licensee;
- ✓ To treat both the buyer and seller honestly and not knowingly give false information;
- ✓ To account for all money and property received from or on behalf of the buyer or seller; and
- ✓ To comply with all state and federal laws related to real estate brokerage activity.

Until you enter into a written brokerage agreement with the licensee for client-level representation you are considered a "customer" and the licensee may not act as your agent. **As a customer, you should not expect the licensee to promote your best interest, or to keep any information you give to the licensee confidential, including your bargaining position.**

You May Become A Client

If you want a licensee to represent you, you will need to enter into a written listing agreement or a written buyer representation agreement. These agreements **create a client-agent relationship** between you and the licensee. As a client you can expect the licensee to provide the

following services, **in addition to** the basic services required of all licensees listed above:

- ✓ To perform the terms of the written agreement with skill and care;
- ✓ To promote your best interests;
 - For seller clients this means the agent will put the seller's interests first and negotiate the best price and terms for the seller;
 - For buyer clients this means the agent will put the buyer's interests first and negotiate for the best prices and terms for the buyer; and
- ✓ To maintain the confidentiality of specific client information, including bargaining information.

COMPANY POLICY ON CLIENT-LEVEL SERVICES — WHAT YOU NEED TO KNOW

The real estate brokerage company's policy on client-level services determines which of the three types of agent-client relationships permitted in Maine may be offered to you. The agent-client relationships permitted in Maine are as follows:

- ✓ The company and all of its affiliated licensees represent you as a client (called **"single agency"**);
- ✓ The company appoints, with your written consent, one or more of the affiliated licensees to represent you as an agent(s) (called **"appointed agency"**); or
- ✓ The company may offer limited agent level services as a **disclosed dual agent**.

WHAT IS A DISCLOSED DUAL AGENT?

In certain situations, a licensee may act as an agent for and represent both the buyer and the seller in the same transaction. This is called **disclosed dual agency**. The possibilities and consequences of dual agency representation must be explained to you by the licensee. *Both the buyer and the seller must consent to this type of representation in writing.*

Working with a dual agent is not the same as having your own exclusive agent as a single or appointed agent. For instance, when representing both a buyer and a seller, the dual agent must not disclose to one party any confidential information obtained from the other party. Also, a dual agent may not be the advocate for either party and cannot negotiate for nor advise as to the price or terms of the transaction.

THIS IS NOT A CONTRACT

Remember!

Unless you enter into a written agreement for agency representation, a licensee is not allowed to represent you!

It is important for you to know that this form is not a contract. The licensee's completion of the statement below acknowledges that you have been given the information required by Maine law regarding brokerage relationships so that you may make an informed decision as to the relationship you wish to establish with the licensee/company.

To Be Completed By Licensee

This form was presented on (date) _____

To _____
Name of Buyer(s) or Seller(s)

by Patrick Hackley
Licensee's Name

on behalf of Fountains Land Inc.
Company/Agency