

BURNT MILL FOREST

A southern Adirondack timberland asset offering a high percentage of maple and birch sawlogs and low holding costs, providing an ideal asset appreciation investment.



1,310 Tax Acres
Corinth & Edinburg, Saratoga County, New York

New Price: ~~\$985,000~~ **\$940,000**

OVERVIEW

Fountains is pleased to introduce the 1,310 acre Burnt Mill Forest, a quality Adirondack timberland property situated in New York's Great Sacandaga Lake Region. As one of the larger contiguous properties in Saratoga County, this forest represents a unique opportunity to acquire nearly two square miles of timberland at a reasonable price point per acre for the southern Adirondacks.

Key timberland investment attributes of the property include:

- Favorable, hardwood species composition with a high percentage of sugar maple and yellow birch sawlogs;
- Gently-sloping, low-rolling foothills terrain that is ideal for hardwood production and cost effective harvest operations;
- An actively managed timber resource with a laddered, diverse age class profile and internal road infrastructure already in place to support future management entry.



Burnt Mill Forest is located in the Great Sacandaga Lake Region of the Adirondacks of New York.

LOCATION

The property is situated within a vast, unbroken landscape of southern Adirondack forests in the towns of Edinburg and Corinth. The surrounding hardwood foothills have long included both productive, working forestlands and interspersed "forever wild" state holdings. While this corner of Saratoga County is well-known for its capacity to produce quality maple and birch sawtimber, it is also a popular destination for hunters seeking a classic and secluded Adirondack hunting experience close to nearby population centers.

The village of Corinth is located 11 miles to the east along the Hudson River. Once home to one of the country's first pulp mills, Corinth now serves mostly as a bedroom community to nearby Saratoga Springs and the Capital Region to the south. Glens Falls lies within easy trucking distance of the property and is home to Finch Paper, one of the Northeast's major hardwood-hemlock pulpwood consumers.

The Adirondack Northway (Interstate 87) is 20 miles to the east in Glens Falls. This key log-truck transportation corridor links the property and the surrounding region to major regional wood baskets in the northeastern US and Quebec.

ACCESS & ACREAGE

The property has legal right-of-way access from Davignon Road across neighboring working forestlands to the north. Davignon Road is a well-maintained, town-owned, gravel road tying the surrounding properties to nearby County Route 10 along Great Sacandaga Lake's southern shore. From the terminus of Davignon Road, the right-of-way extends for 2.5 miles to the property's northern boundary via a long-established, seasonal forest road. This woods road has historically supported log truck transportation as well as high-clearance SUV-type traffic during non-winter months for forest management and recreational lease entry.



Existing infrastructure, such as the permanent bridge shown above, facilitate entry for silviculture and recreation and reduce the need for extensive capital outlays in the next ownership cycle.

ACCESS & ACREAGE (continued)

Internal access has been developed over the years to support forest management operations and recreational use. The main internal woods road extends through the heart of the land for over a mile and has been the primary transportation artery for log truck transportation in the past. It is maintained with numerous water bars to keep water off the running surface. This road is currently suitable for high clearance pick ups and SUV vehicles. Another access road extends to the property's northeast corner and facilitates forest management entry into the hardwood stands occupying that portion of the land.

The estimate of 1,310 acres for the property is based upon reported town tax acreage. GIS acres are calculated to be 1,343 acres, and this figure was used for timber reporting purposes. Although the maps provided in this report are believed to be correct, buyers should not rely on these maps to accurately portray deeded boundary lines in the field.

SITE DESCRIPTION

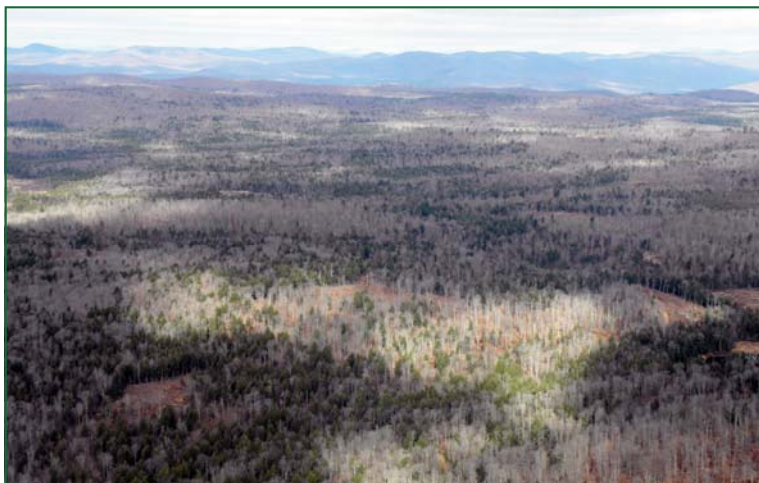
Burnt Mill's low-rolling, southern Adirondack foothills terrain ideally lends itself to long-term timber investment centered around northern hardwood production. The property's mid-elevation and gently sloping ridge sites offer good forest productivity, accessible on-site road surface materials and cost-effective logging opportunities for conventional or mechanized harvesting systems. Internal roads and forestry trails have been established and maintained by the current ownership, resulting in little capital improvements required over the coming investment cycle.

The property lies just south of Miner Hill, at 1,720' ASL (above sea level) a prominent landmark overlooking the surrounding lower lying forested landscape. Terrain throughout the property remains between 1,500' and 1,700' ASL. Well-drained, gently-sloping ridges (5-10% slopes, on average) dominate most of the property, with over 90% of the acreage being classified as commercially operable. These sites offer excellent hardwood growing conditions and easy terrain for outdoor recreation, as evidenced by the current ownership's long lease history to two hunting clubs.

Lower lying areas include Burnt Mill Brook, Big Beaver Valley and Brewer Valley, which are broadly situated in the property's eastern quadrant. These natural ecosystems are characterized by their heavily forested spruce-fir-hemlock stands punctuated by occasional beaver ponds and small streams that collectively provide diverse food and bedding cover for resident deer and other wildlife. Soils are primarily Berkshire-Beckett-Tunbridge types which are known as deep, medium-textured loamy soils formed from glacial till. These soils are well known for their high forest productivity and operability.



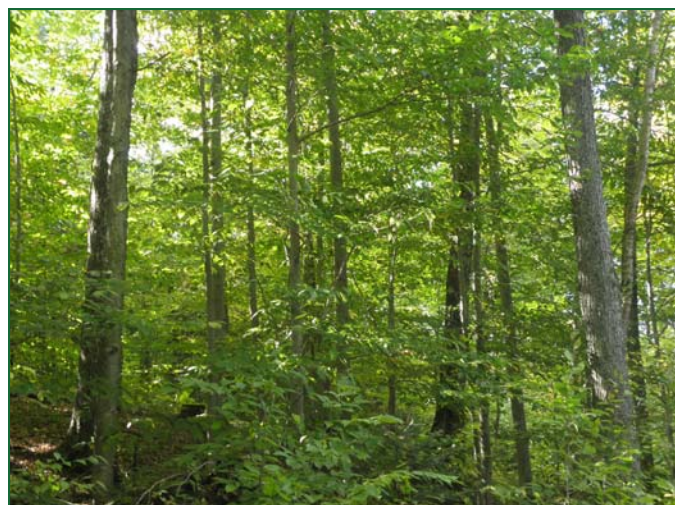
A well-stocked maple resource with good stem quality and crown vigor.



The area's low rolling, well drained hardwood foothills are perfectly suited to long-term timber investment and quality hardwood production.

TIMBER

The property's timber resource is distinguished by its diverse species composition and balanced diameter distribution with numerous quality stems being represented across the sawtimber, pole and sapling-sized age classes. Sugar maple and yellow birch dominate the hardwood sawtimber resource and provide an anchor for future timber returns over the coming investment cycle. This timber resource has been professionally-managed and offers a firm foundation for long-term investment returns driven by continued biological growth, product shifts, and stumpage price recovery for maple and birch as the US housing market continues to pick up steam.



Sugar maple and yellow birch represent nearly half of the total volume by species.

2012 Timber Inventory:

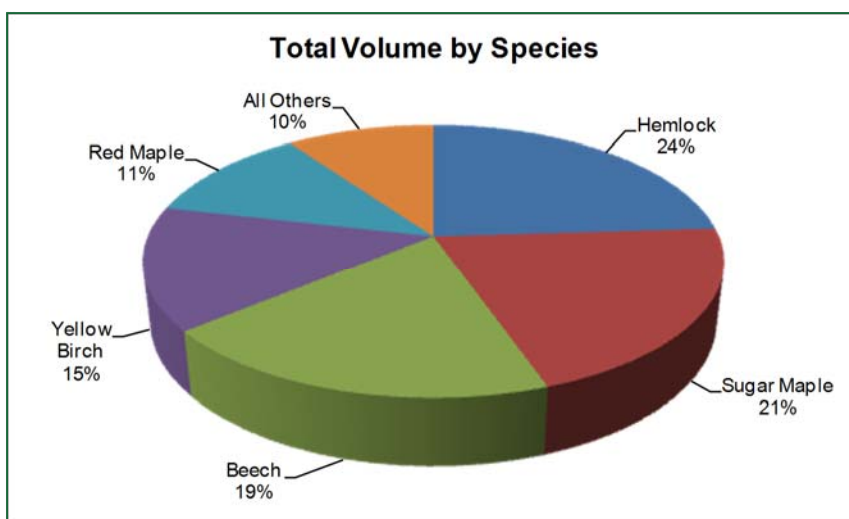
Timber information provided in this report is based on a November 2012 timber inventory by Wagner Forest Management, which was then adjusted for 3 growing seasons using 2.2% per year for all sawlog and pulpwood products. Overall, 123 random points were taken with sampling statistics being $\pm 19.7\%$ for all sawlog and veneer products and $\pm 14.6\%$ for pulpwood products at the 95% Confidence Interval. These data were then processed by Wagner using the Assisi Forest Inventory program. Pallet-grade log tallies are included in the reported pulpwood volumes. Total sawlog volume is 3,226 MBF International $\frac{1}{4}$ " scale (2.576 MBF/commercial acre) with 20,946 pulpwood cords (16.7 cords/commercial acre). Combined, total commercial per acre volume is 21.9 cords, a figure that is slightly above average for the region. Pulpwood prices are based upon long term averages for the Southern Adirondack Region and not on the current spot market pricing. Based upon this information, Capital Timber Value (CTV) has been recently established at \$805,600 (\$600/GIS acre).

Timber inventory reports, maps and cruise specs can be found in the Fountains Land website data room.

Species Composition and Stocking:

The property's northern forest timber resource is naturally diverse, with hardwoods occupying well-drained ridges and softwoods populating lower lying sites. Hardwood species composition includes sugar maple (21% of total volume), beech (19%), yellow birch (15%), red maple (11%) and others (10%). Softwood species composition is driven by hemlock, which makes up 24% of total volume.

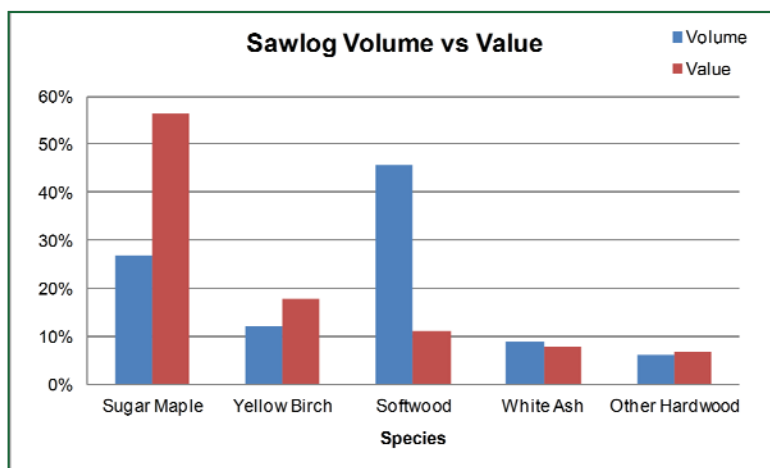
Property-wide, basal area is 71.0 sq ft, a level indicative of free-to-grow hardwood and mixedwood stands being managed at B-Line stocking levels (mostly H3B and M3B forest types). The property has long been managed for wood fiber, quality hardwood production and sustained long-term timber returns. There are multiple age classes that have been established through the various silvicultural entries over the past 10, 20 and 30 years. Nearly three-quarters of the basal area stocking lies within the northern hardwood component, with the balance in hemlock and spruce-fir. Stem quality is very good for key species like the maples and birch, paving the way for continued value growth and the potential for product shifts into veneer products over the next decade.



TIMBER (continued)

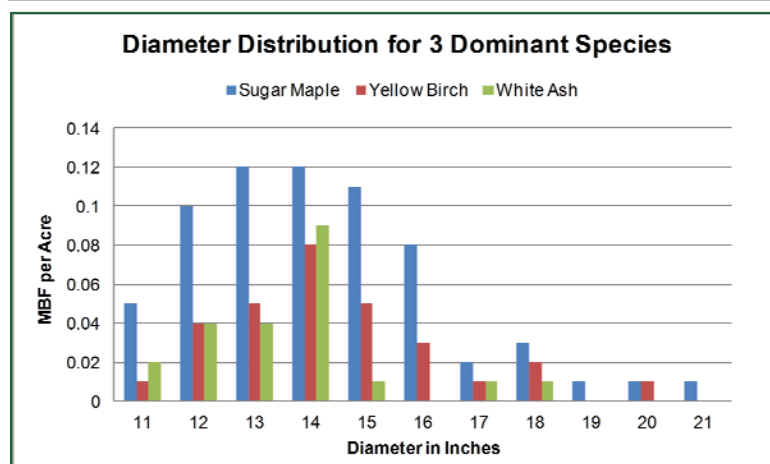
Sawlog Volume & Value:

Hardwood sawlog volume is dominated by sugar maple and yellow birch, which combine to represent nearly 40% of the total sawlog volume. Consequently, the value of these two species alone represents three-quarters of the total sawlog CTV. Maple and birch are well known as being the preferred species to include in a northeastern US timberland portfolio and this favorable mix anchors the long-term timber investment fundamentals for this property.



Diameter Distribution:

With its long, even-aged forest management history, the timber resource has four distinct diameter strata ranging from saplings to large sawtimber classes that offer a “laddered” timber asset for the next ownership. Total volume lies mostly within the small to medium-sized sawtimber 13-16” diameter class (32%), while 24% occupies the 10-12” pole class, 16% is associated with stems 17” and greater and 9% falls in the sapling/growing stock age class. The average sawlog diameter is approximately 14”. Diameters are well represented across the size spectrum, typifying a balanced distribution with good small sawlog representation, numerous poles and saplings. Sawlog diameters for key species include sugar maple 14.2”, yellow birch 14.4” and white ash 13.5”.



TAX & TITLE INFORMATION

Property taxes in 2015 were \$10,415.61. The property is **NOT** enrolled in New York State’s Real Property Tax Law 480-A, which could reduce the annual tax burden by as much as 80%. For more information about the 480-A, contact Fountains Land or the Department of Environmental Conservation office located in Ray Brook, New York (518) 897-1283. The Adirondack Park Agency Land Use Classification for this property is “Resource Management,” which allows for 42.7 acres/principle structure. Hunting cabins less than 500 square feet are typically non-jurisdictional.

The property is owned by Bayroot, LLC, whose deed is recorded in the Saratoga County Land Records in Book 1660, Page 590. The property is comprised of eight separate tax parcels on maps 83 and 96 in Corinth and 3 separate tax parcels on maps 83 and 96 in Edinburgh. International Paper Company owns mineral rights on a small portion (roughly 250 acres) of the property. The right-of-way from Davignon Road is deeded and non-exclusive. Two hunting leases on the property provide an annual income of \$3,325. For copies of deeds, mineral rights, title exceptions, APA permits and leases, please contact Fountains.

Fountains Land Inc. 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.

Burnt Mill Forest

Timber Valuation

Prepared By

FOUNTAINS FORESTRY INCORPORATED

Edinburg and Corinth, Saratoga County, New York
July 2016

1,343 Acres
1,252 Commercial Acres

Species	Volume MBF/CD	Unit Price Range			Total Value
		Low	High	Likely	Likely
<i>Sawtimber - MBF (International 1/4")</i>					
Sugar Maple	872	300.00	375.00	350.00	305,200
Yellow Birch	395	200.00	265.00	245.00	96,900
White Ash	285	125.00	175.00	150.00	42,800
Hemlock	1,228	20.00	40.00	30.00	36,800
Spruce/Fir	245	90.00	110.00	100.00	24,500
Red Maple	145	110.00	150.00	135.00	19,600
Black Cherry	48	300.00	375.00	350.00	16,800
Beech	6	20.00	40.00	30.00	200
<i>Pulpwood - Cords</i>					
Hardwood	16,642	8.00	14.00	12.75	212,200
Hemlock	4,127	8.00	14.00	12.00	49,500
Spruce/Fir	177	4.00	8.00	6.00	1,100

Totals					
Sawtimber Total	3,226	MBF			\$542,800
Sawtimber Per Acre	2.402	MBF			\$404
Sawtimber Per Comm. Acre	2.576	MBF			\$434
Cordwood Total	20,946	Cords			\$262,800
Cordwood Per Acre	15.6	Cords			\$196
Cordwood Per Comm. Acre	16.7	Cords			\$210
Total Per Acre					\$600

Total Value	<u>Low</u>	<u>High</u>	<u>Likely</u>
	\$713,000	\$848,000	\$805,600

BASED ON A NOVEMBER 2012 INVENTORY CRUISE BY WAGNER FOREST MANAGEMENT

Volumes adjusted for the 2013-2015 growing seasons

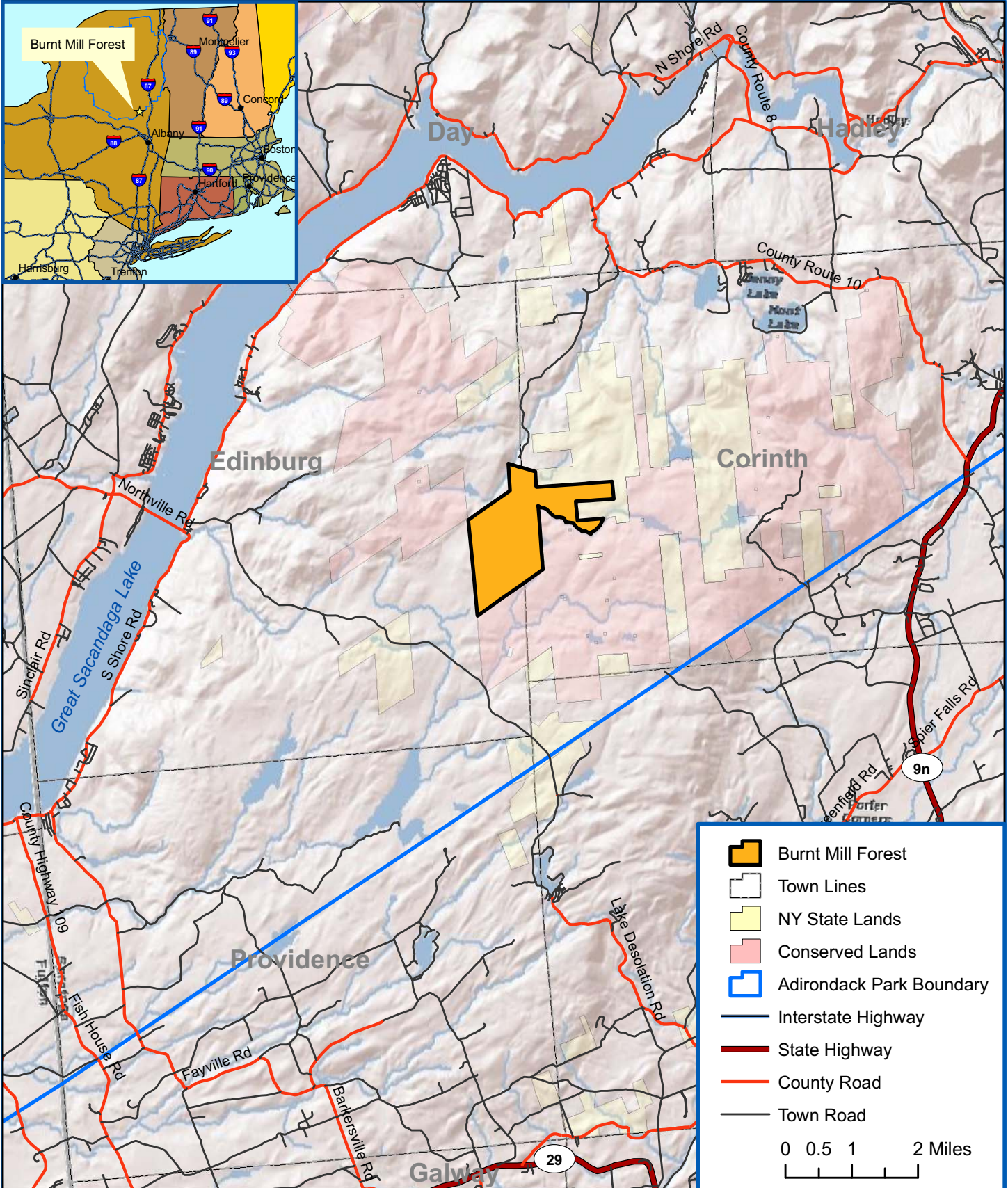
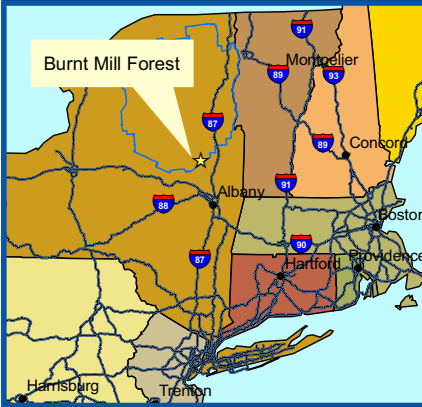
The volumes and values reflect estimated total capital value of merchantable timber.

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.

Locus Map Burnt Mill Forest

1,343 GIS Acres
Edinburg & Corinth, New York

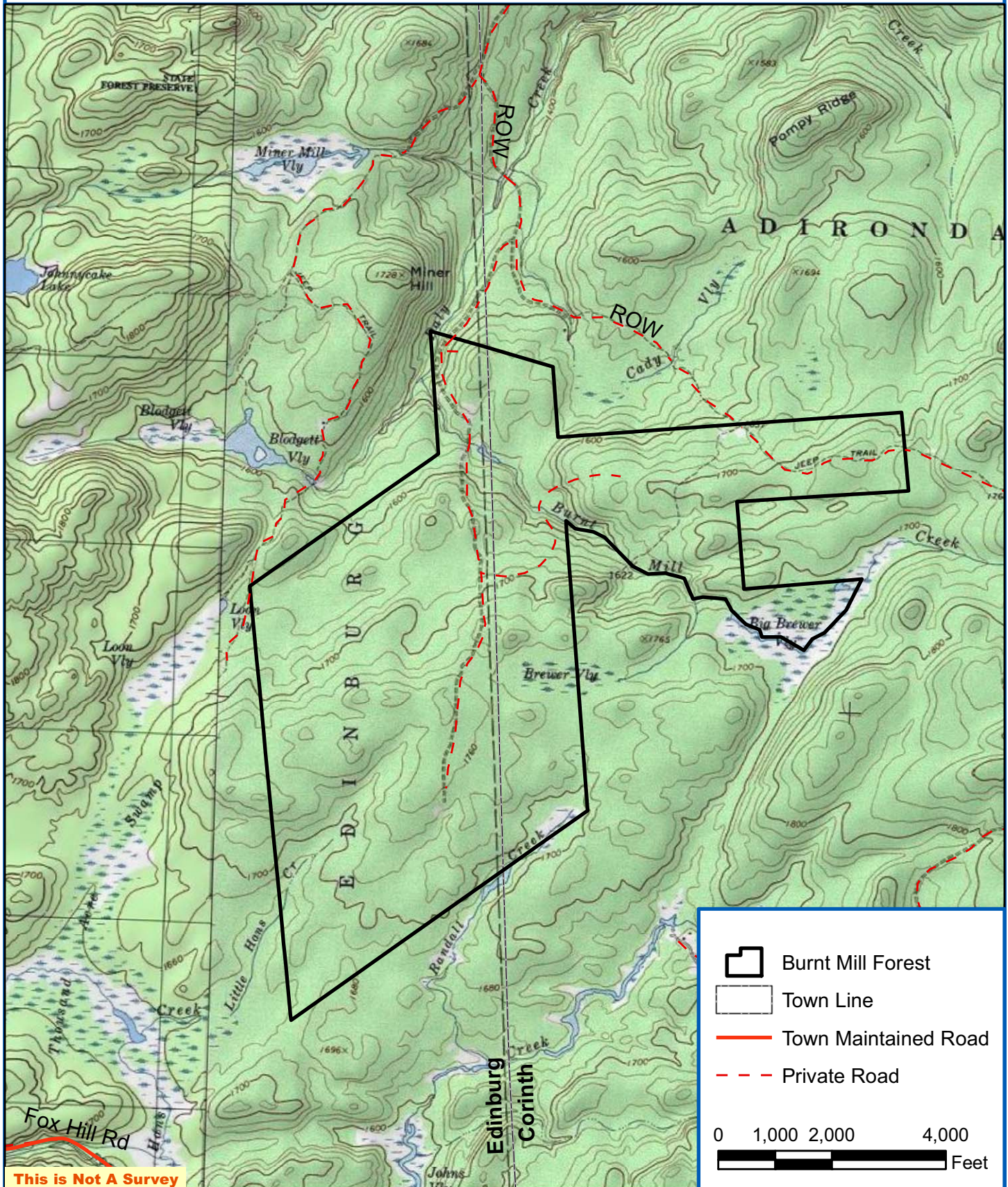




Burnt Mill Forest

1,343 GIS Acres
Edinburg & Corinth, New York

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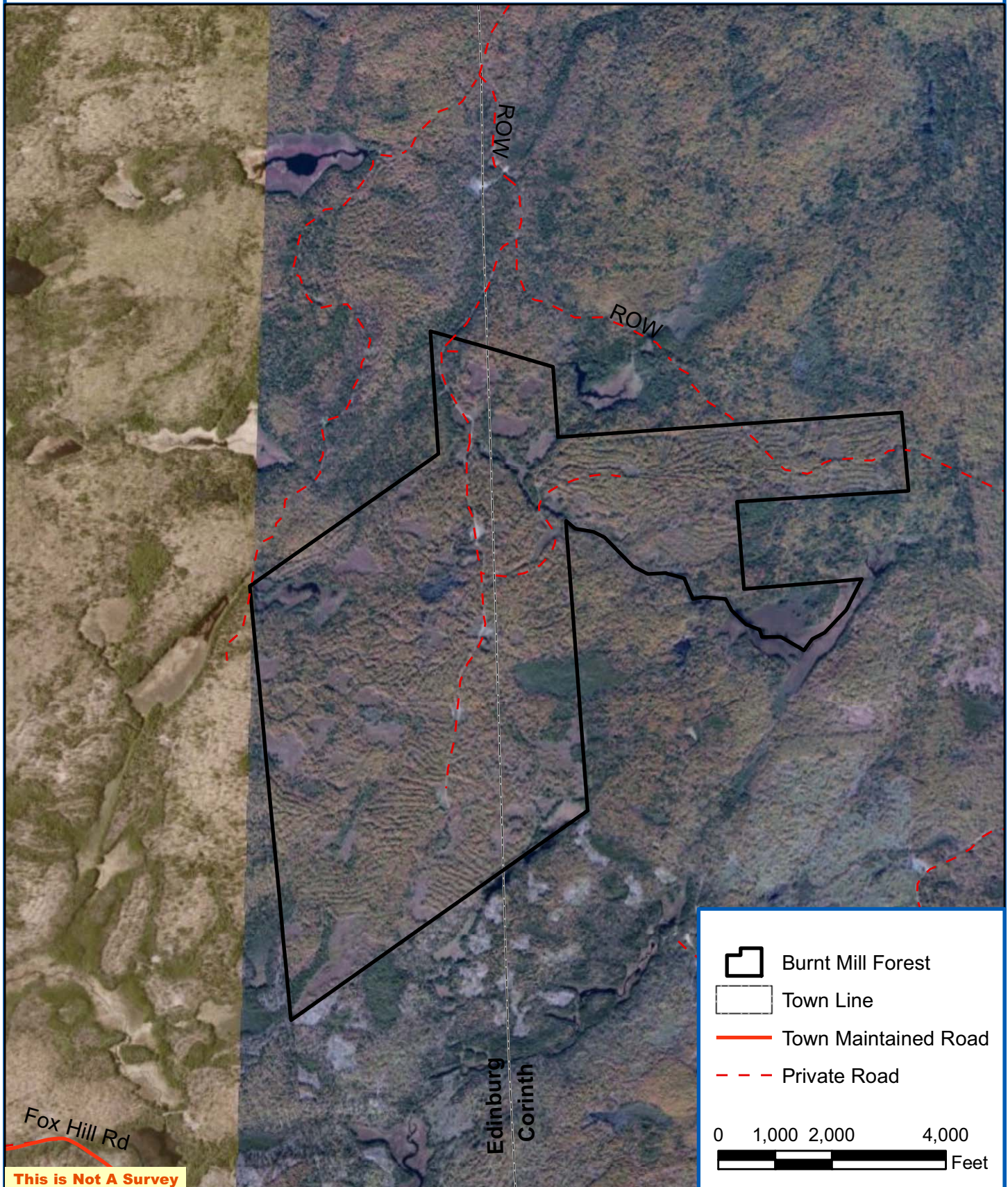
Map produced from the best available information including town tax maps, hand held GPS data, aerial photography, and reference information obtained from CUGIR. Boundary lines portrayed on this map are approximate and could be different than the actual location of boundaries found in the field.



Burnt Mill Forest

1,343 GIS Acres
Edinburg & Corinth, New York

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Map produced from the best available information including town tax maps, hand held GPS data, aerial photography, and reference information obtained from CUGIR. Boundary lines portrayed on this map are approximate and could be different than the actual location of boundaries found in the field.



New York State
DEPARTMENT OF STATE
Division of Licensing Services
P.O. Box 22001
Albany, NY 12201-2001

Customer Service: (518) 474-4429
Fax: (518) 473-6648
Web site: www.dos.state.ny.us

New York State Disclosure Form for Buyer and Seller

THIS IS NOT A CONTRACT

New York State law requires real estate licensees who are acting as agents of buyers and sellers of property to advise the potential buyers and sellers with whom they work of the nature of their agency relationship and the rights and obligations it creates. This disclosure will help you to make informed choices about your relationship with the real estate broker and its sales associates.

Throughout the transaction you may receive more than one disclosure form. The law requires each agent assisting in the transaction to present you with this disclosure form. A real estate agent is a person qualified to advise about real estate.

If you need legal, tax or other advice, consult with a professional in that field.

Disclosure Regarding Real Estate Agency Relationships

Seller's Agent

A seller's agent is an agent who is engaged by a seller to represent the seller's interest. The seller's agent does this by securing a buyer for the seller's home at a price and on terms acceptable to the seller. A seller's agent has, without limitation, the following fiduciary duties to the seller: reasonable care, undivided loyalty, confidentiality, full disclosure, obedience and duty to account. A seller's agent does not represent the interests of the buyer. The obligations of a seller's agent are also subject to any specific provisions set forth in an agreement between the agent and the seller. In dealings with the buyer, a seller's agent should (a) exercise reasonable skill and care in performance of the agent's duties; (b) deal honestly, fairly and in good faith; and (c) disclose all facts known to the agent materially affecting the value or desirability of property, except as otherwise provided by law.

Buyer's Agent

A buyer's agent is an agent who is engaged by a buyer to represent the buyer's interest. The buyer's agent does this

by negotiating the purchase of a home at a price and on terms acceptable to the buyer. A buyer's agent has, without limitation, the following fiduciary duties to the buyer: reasonable care, undivided loyalty, confidentiality, full disclosure, obedience and duty to account. A buyer's agent does not represent the interest of the seller. The obligations of a buyer's agent are also subject to any specific provisions set forth in an agreement between the agent and the buyer. In dealings with the seller, a buyer's agent should (a) exercise reasonable skill and care in performance of the agent's duties; (b) deal honestly, fairly and in good faith; and (c) disclose all facts known to the agent materially affecting the buyer's ability and/or willingness to perform a contract to acquire seller's property that are not inconsistent with the agent's fiduciary duties to the buyer.

Broker's Agents

A broker's agent is an agent that cooperates or is engaged by a listing agent or a buyer's agent (but does not work for the same firm as the listing agent or buyer's agent) to assist the listing agent or buyer's agent in locating a property to sell or buy, respectively, for the listing agent's seller or the buyer agent's buyer. The broker's agent does not have a direct relationship with the buyer or seller and the buyer or seller can not provide instructions or direction directly to the broker's agent. The buyer and the seller therefore do not have vicarious liability for the acts of the broker's agent. The listing agent or buyer's agent do provide direction and instruction to the broker's agent and therefore the listing agent or buyer's agent will have liability for the acts of the broker's agent.

Dual Agent

A real estate broker may represent both the buyer and seller if both the buyer and seller give their informed consent in writing. In such a dual agency situation, the agent will not be able to provide the full range of fiduciary duties to the buyer and seller. The obligations of an agent are also subject to any specific provisions set forth in an agreement between

the agent, and the buyer and seller. An agent acting as a dual agent must explain carefully to both the buyer and seller that the agent is acting for the other party as well. The agent should also explain the possible effects of dual representation, including that by consenting to the dual agency relationship the buyer and seller are giving up their right to undivided loyalty. A buyer or seller should carefully consider the possible consequences of a dual agency relationship before agreeing to such representation.

Dual Agent with Designated Sales Agents

If the buyer and seller provide their informed consent in writing, the principals and the real estate broker who represents both parties as a dual agent may designate a sales agent to represent the buyer and another sales agent to represent the seller to negotiate the purchase and sale of real

estate. A sales agent works under the supervision of the real estate broker. With the informed consent of the buyer and the seller in writing, the designated sales agent for the buyer will function as the buyer's agent representing the interests of and advocating on behalf of the buyer and the designated sales agent for the seller will function as the seller's agent representing the interests of and advocating on behalf of the seller in the negotiations between the buyer and seller. A designated sales agent cannot provide the full range of fiduciary duties to the buyer or seller. The designated sales agent must explain that like the dual agent under whose supervision they function, they cannot provide undivided loyalty. A buyer or seller should carefully consider the possible consequences of a dual agency relationship with designated sales agents before agreeing to such representation.

This form was provided to me by Todd Waldron (print name of licensee) of Fountains Land
(print name of company, firm or brokerage), a licensed real estate broker acting in the interest of the:

☒ Seller as a (check relationship below)

☐ Buyer as a (check relationship below)

☒ Seller's agent

☐ Buyer's agent

☐ Broker's agent

☐ Broker's agent

☐ Dual agent

☐ Dual agent with designated sales agent

If dual agent with designated sales agents is checked: _____ is appointed to represent the buyer;
and _____ is appointed to represent the seller in this transaction.

I/We _____ acknowledge receipt of a copy of this disclosure form:
signature of { } Buyer(s) and/or { } Seller(s):

Date: _____

Date: _____