

# Heartwood Forestland Fund IV, L.P.

## *Martindale Property*

Executive Summary  
The Forestland Group, LLC

### I Description of Property

- i) 1,648 acres in tracts in six contiguous tracts in Hardin and Newton Counties, Texas.
- ii) Acquired in 3Q04 from Martindale Land and Cattle Company, Ltd.
- iii) Entire property lies within the Coastal Prairies division of the Gulf Coast Plain physiographic province in east Texas.
- iv) Predominantly pine plantations with approximately 69% of total property acreage in the 16-18 age class range.

### II Conservation Value

- i) There are no conservation easements on the Martindale property.
- ii) High Conservation Value Forests:
  - The only HCVF located on the Martindale property is the cypress pond on the Bratton Unit.
- iii) Rare, Threatened or Endangered Species

*Some RTE species' habitats are found in this area; however, after completion of a Phase I environmental assessment, no RTE species were actually located on the property. (For a complete list, please see the completed Ten-Year Management Plan.)*

There are two species listed as endangered that could possibly be found on the Martindale property in Hardin County.

- A. Red-cockaded Woodpecker (*Picoides borealis*)
- B. Texas trailing phlox (*Phlox nivalis*)

There are four species of major concern that are listed as endangered, which could possibly be found on the Martindale property in Newton County.

- A. Bald Eagle (*Haliaeetus leucocephalus*)
- B. La. Black Bear (*Ursus americanus luteolus*)
- C. La. Pine Snake (*Pituophis ruthveni*)
- D. Red-cockaded Woodpecker (*Picoides borealis*)

- If an RTE issue arises, TFG will
  1. Manage as if the species is present until a survey is completed to verify presence of the species.
  2. If present, necessary modifications will be made to the harvest prescription (details included in the 10 year management plan).
  3. Conservation zones will be created.

- iv) Indigenous/Cultural issues: There are no areas recognized as belonging to indigenous peoples.

- v) Third Party Certification:

- Managed according to a reputable third party's principles and criteria
- Active Forest Management Chain of Custody Certificate
- Has a completed 10-year management plan

- Regular third party audits
- Currently there is only one mill interested in certified wood near the Martindale property-- Meadwestvaco, located in Evadale, TX.

### III Timber Resource

- 1,626 acres forested; 22 acres non-forested
- Overall forest cover type proportions

<u>Forest Type</u>	<u>Acres</u>	<u>Proportion</u>
Pine Plantation	1,354	82%
Natural	272	17%
Non-Forested	22	0.01%
Total	1,648	100%

- Annual allowable cut (AAC):

AAC (ST):

Hardwood = 46 MBF/year

Pine = 91 MBF/year

AAC (PW):

Hardwood = 438 tons/year

Pine = 969 tons/year

- Blended Annual Growth: 4.4%

### IV Climatic and Biological Risks

- Fire is not a significant risk for the Martindale Property.
- Hurricane Rita in 2005 caused significant damage but replanting was not necessary.
- Historical damage from pests has been minimal.
- Currently, there are no risks from insects and disease. If this status should change, TFG will develop a plan for control of the pest or disease.

### V HBU and Leases

- While the highest and best use of the Martindale property is timberland, TFG will continue to evaluate the property for potential HBU markets.
- The Grigsby Unit lays in close proximity to the Big Thicket Preserve and could possibly be included in the preserve.
- Approximately 1,138 acres of the Martindale property are currently leased for Hunting.

### VI Agreements and Contracts

- Managed by Champion Forest Resource Management Company, located in Huntsville, Texas.
- There are currently no timber supply agreements on the Martindale Property.

### VII Energy

- TFG acquired no oil or gas resources rights with the property.
- Eastern Texas is not an optimal location for wind energy production; therefore, no wind leases exist or are being negotiated on the Martindale Property.