



Internal Rate Of Return And Discount Methods Of Valuing Premerchantable Timber

Based upon DNR yield tables

<u>Year</u>	<u>Cash Flow</u>		
1/1/2003	-\$741	cost site prep, land and planting	Site Inex (50 yr.) 120
1/1/2004	-\$6		Harvest Volume at age 50 (Mbf/acre) 28.194
1/1/2005	-\$6		Stumpage value (\$/Mbf) \$415
1/1/2006	-\$6		Stumpage value @ final harvest \$11,701
1/1/2007	-\$6		Land Value \$400
1/1/2008	-\$6		
1/1/2009	-\$6		
1/1/2010	-\$6		
1/1/2011	-\$81	release spray	
1/1/2012	-\$6		
1/1/2013	-\$6		
1/1/2014	-\$6		
1/1/2015	-\$6		
1/1/2016	-\$6		
1/1/2017	-\$6		
1/1/2018	-\$101	pre-commercial thin	
1/1/2019	-\$6		
1/1/2020	-\$6		
1/1/2021	-\$6		
1/1/2022	-\$6		
1/1/2023	-\$6		
1/1/2024	-\$6		
1/1/2025	-\$6		
1/1/2026	-\$6		
1/1/2027	-\$6		
1/1/2028	-\$6		
1/1/2029	-\$6		
1/1/2030	-\$6		
1/1/2031	-\$6		
1/1/2032	-\$6		
1/1/2033	-\$6		
1/1/2034	-\$6		
1/1/2035	-\$6		
1/1/2036	-\$6		
1/1/2037	-\$6		
1/1/2038	-\$6		
1/1/2039	-\$6		
1/1/2040	-\$6		
1/1/2041	-\$6		
1/1/2042	-\$6		
1/1/2043	-\$6		
1/1/2044	-\$6		
1/1/2045	-\$6		
1/1/2046	-\$6		
1/1/2047	-\$6		
1/1/2048	-\$6		
1/1/2049	-\$6		
1/1/2050	-\$6		
1/1/2051	-\$6		
1/1/2052	-\$6		
1/1/2053	\$12,095	Final harvest ,keep land	
IRR	5.24%		

Indicated Value at different age classes	
Based Upon Internal Rate Of Return	
<u>Age Class</u>	<u>Timber Value</u>
5	\$590
10	\$994
15	\$1,529
20	\$2,123
25	\$2,891
30	\$3,882
35	\$5,162
40	\$6,814
45	\$8,947

Indicated value at different age classes	
Based upon a discounted final harvest value	
Rotation age	50
Discount rate	6.24%

5	\$768
10	\$1,039
15	\$1,406
20	\$1,904
25	\$2,576
30	\$3,487
35	\$4,719
40	\$6,387
45	\$8,645

Indicated value at different age classes	
Based upon average of IRR and discount methods	
5	\$679
10	\$1,017
15	\$1,468
20	\$2,013
25	\$2,734
30	\$3,685
35	\$4,941
40	\$6,601
45	\$8,796