

# REMSOFT

## CASE STUDY

Remsoft Analytics solution puts science into property valuation. Open, verifiable approach popular with investors.



- Merger, acquisition, sale activities
- Rate of return
- Value optimizing
- What if scenarios

### OVERVIEW

A clear trend in the timberlands industry is the shift of privately-owned lands from the hands of large integrated forestry companies to institutional investors.

No where has this turn-over been more prevalent than in the US Pacific North-West, where the rich and highly-productive natural forests are a prized addition to the investment portfolios of large pension and endowment funds.

However, as many large sales have been completed, the competition to purchase large areas of timberland has also increased and buyers are seeking specialized help to get their bid price just right.

### THE INNOVATOR

Mason, Bruce & Girard are on the leading-edge of natural resources consulting, providing innovative and effective solutions to government and industry clients for more than eight decades.

With a rich pedigree in consulting, the Portland Oregon-based consultants were among the first organizations the new breed of timberland owners turn to for advice on timberland acquisition analysis and valuations.

### THE OPPORTUNITY

A new industry dynamic has spawned the need for quick, credible and verifiable asset valuations, a highly-specialized business service for which there was previously little demand.

### THE SOLUTION

To meet the finance industry's requirements for sophisticated timberland valuations MB&G created a system to automate timber inventory analysis and construct discount cash-flow models for sale properties.

The cornerstone of their approach is the use of Remsoft Analytics software to produce discount cash-flow models that illuminate what lands are worth and how their value can be maximized over time. A robust and proven technology, Remsoft Analytics enables MB&G to make use of the rich inventory datasets available and to analyze near-infinite combinations of silviculture, management and land-use scenarios.



“Some of these transactions are quite large and clients want a clear view of what they are buying and what its potential is,” says Roger Lord, MB&G Forest Economist.

“The approach lets us develop a flexible, reliable discounted cash flow model for a given property under tight timelines.”

Mr. Lord says Remsoft Analytics software offers the benefit of mathematical optimization and Linear Programming (LP) so it can produce optimal solutions (or range of solutions) based on user-defined objectives and observing pre-defined constraints. The system’s flexibility means analysts can adjust model inputs to demonstrate different outcomes.

## THE BENEFITS

MB&G methods of land valuation give clients a clear view of what land is worth and their analytic techniques are transparent, replicable and archival—an approach that is popular with timber investment management organizations and institutional investors who want to be shown how a result is arrived at.

“We think our approach gives clients’ a competitive edge because they have better information on which to make decisions and formulate their bids,” Mr. Lord says.

“Remsoft Analytics’ linear programming/optimization technology is a natural fit for these types of land valuations problems. There is so much data available now and so many other factors to consider that something like a spreadsheet-based model simply could not do these problems justice any more.”

