

WHERE SOUTH CAROLINA'S LAND IS MORE THAN A GOOD INVESTMENT

BY PENNY DELANEY COTHRAN, APR

“There’s really no good reason to have a piece of land if it can’t work for you.” When Thomas C. Rowland III makes an investment in what the average South Carolinian would see as traditional timberland, he can see more than the forest for the trees. There’s a little bit of magic in the forestlands acquired and managed by American Timberlands Company (ATC), a Columbia-based enterprise run by partners Thomas Rowland, Doug McMillan and Dan Stuckey. The three partners started as investors first and are now part owners in a company Rowland originally steered under the name of Palmetto Land Investment Company.

Why did these “dirt foresters” come together in the first place? They formed American Timberlands Company in 2004 with the sole purpose of acquiring 1.5 million acres of Southeastern land previously owned by International Papers Company— part of the largest land transaction (5.5 million acres) in America since the Louisiana Purchase in 1803. It was a huge endeavor wrought with investors dropping out, an auction process and stiff competition from over 120 other

bidders. In the end, they backed away from the table after vying for one of the final seats due to some issues with the rights to the timber. However, as a finalist, it put them in a great light for other potential investors.

WHAT DO THEY DO?

“We’re in the business of generating returns on land investments,” Rowland says. American Timberlands has a unique business model. First of all, they’re very diverse in what they do, but with a common thread throughout. In addition to land



(Above & inset) Red Bluff Plantation is a 6,400+ acre forest land property situated between the Wright River and New River in Jasper County, S.C., 11 miles from historic downtown Savannah, Ga.

investment management, ATC has built complimentary business lines in land and forestry services, land brokerage and land investment banking that increases the firm’s knowledge of land and timber markets and allows them to create more value for their clients and investors. They are more than land brokers and land investment managers though; they are experts in wetlands mitigation banks, coastal stream restoration banks, land and forestry management, land investment banking, timber harvesting, recreational and hunting lease management, historic properties land and amenity management, aggregate mining, waterfront amenity permitting and construction, forest inventory analysis and forecasting, land mapping and GIS, pre-development services for real estate developers, conservation easements, wildfire prevention, wildlife and waterfowl management, and open land and pasture management, just to name a few. “We’re holistic land managers,” says Rowland of his team.

WHAT’S DIFFERENT ABOUT AMERICAN TIMBERLANDS?

“We are investment managers AND asset managers. We invest in a piece of land, and then we’ll develop a strategy for generating returns from that land investment. . . We invest in forestland that has any number of other attributes that we can manage simultaneously with timber,” proposes Rowland. Harold C.



Testing on The Loamy tract in Kershaw County, S.C. revealed that the tract appeared to have considerable, high quality soft aggregate (sand and gravel) reserves.

The Knights Hill site. Rowland says, "We see ourselves as stewards of the land."

“When we sell a piece of land, we put it back into the marketplace as another land investment. We’ve already figured out in our minds who that next guy is going to be. We’ve managed the tract to that end.”

– Thomas C. Rowland

Stowe points out that while intensely focused on generating investment returns, what American Timberlands is really good at is always sniffing around for “something else to do” with the land while under its care. Beyond the obvious timber, does the land have potential

for mining, for real estate development, for wetlands mitigation banking, for equestrians to use, for hunters and fishermen to enjoy? “We’re very vertically integrated. We do all of the management ourselves, simply because we are foresters. It is always our goal to add value to forestland. And, of course, there’s an exit strategy,” adds Rowland.

A great deal of American Timberlands’ success stems from the team’s credibility; not only with clients, but with their investors as well. “Historically, we have generated returns on forestland investments that are twice the return of the TIMOs,” explains Rowland. A timberlands investment management organization (or TIMO) is an investment property management group that actively brokers and manages timberland to achieve optimal returns for its investors. A TIMO product is most likely, and without your knowledge, quietly residing in your pension plan as we speak. It’s a safe, stable investment with a predictable rate of return focused on a hard asset (in this case, land that is used primarily for forestry purposes). It was Rowland’s experience working for Georgia Pacific and Stuckey’s experience as an International Papers forester (both Clemson University alumni) that caught the attention of Wachovia’s Securities back in 2005, at the height of the real estate boom. The rest is history.



WHY SOUTH CAROLINA?

Why has South Carolina been so successful for them? “South Carolina is different because land in South Carolina typically holds a higher value, commands a higher sales price and typically is absorbed quicker,” says Rowland. “People want to own land in South Carolina.” He also thinks it’s because, “South Carolina... is a business-friendly state. That creates a sense that land in South Carolina is a good investment, whether you’re wanting to build a factory on it or ... to hunt and fish on it. There’s a lot of rural land... a lot of opportunity.”

Rowland adds, “We’ve done a good job in South Carolina of taking care of our natural resources... I suspect it’s because we have an outdoor heritage here. We’ve been farmers and timber growers and hunters and fishermen. There are more trees growing in South Carolina today than there ever have been.”

Penny Delaney Cothran is the multimedia manager at the South Carolina Chamber of Commerce and editor of South Carolina Business.

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