Envisioning a Diversified, Nature-Positive Forest Investment Universe in Latin America

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A Quick Introduction

2005

2024

FOREST INVESTMENT ASSOCIATES®

- Established 1986 – 39 years dedicated to sustainable forest investment
- $5.2B AUM in the U.S., Brazil, and Chile with 2.1+ million acres
- Investing in Latin America since 2012, currently with $525M AUM
- Majority employee-owned, independent Registered Investment Adviser
- 60 employees in the US, Chile, Brazil, and Mexico

AUM data as of 12/31/2024.

Dual Trends – Growing the Future of Forestry

Timber & the Bioeconomy

Forecast demand for primary wood products is estimated to increase by 37% to 2050, rising even higher if substitution of wood for higher-emissions embodied products accelerates.

Demand estimates at least +30 million hectares for new commercial forest establishment and management globally to a total of 161 million hectares, resulting in as much as $240+ billion by 2050, or $16 billion per year.

Forest management offers a range of activities that promote nature-based solutions – including forest protection, improving forest management, restoring forests, and planting new forests.

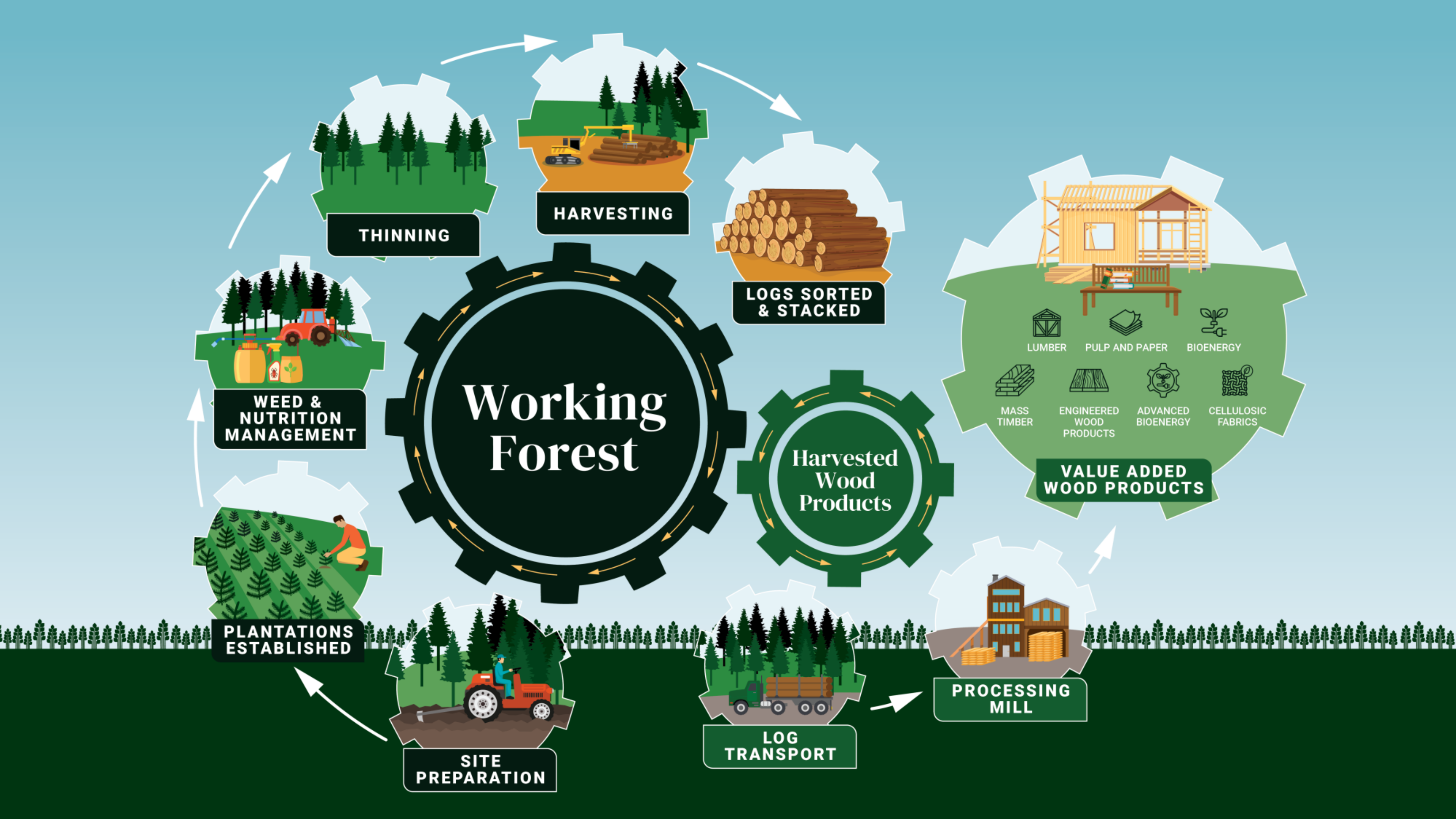
Climate & Nature

Forest investment must increase 3x by 2030 and 4x by 2050 for the world to meet climate, biodiversity, and land targets.

Carbon removal demand is estimated to exceed 500M tons per year by 2030 and more than 1.7 trillion tons by 2050 – forests are a proven, scaled, and cost-effective means for carbon removal.

The Global Biodiversity Framework calls for a halt to biodiversity loss and for effective restoration and management of nature, which could involve $10 trillion in business opportunities.

Sources: FAO (2022). Global Forest Sector Outlook 2050. https://www.fao.org/3/cc2265en/cc2265en.pdf. / McKinsey (2021). Estimates are subject to change. A Blueprint for Scaling Voluntary Carbon Markets to Meet the Climate Challenge. / World Economic Forum (2023). 5 Ways Businesses can Implement the New Global Biodiversity Framework. https://www.weforum.org/agenda/2023/02/5-ways-businesses-can-implement-the-new-global-biodiversity-framework/ / World Economic Forum (2020). The Future of Nature and Business. https://www3.weforum.org/docs/WEF_The_Future_Of_Nature_And_Business_2020.pdf.

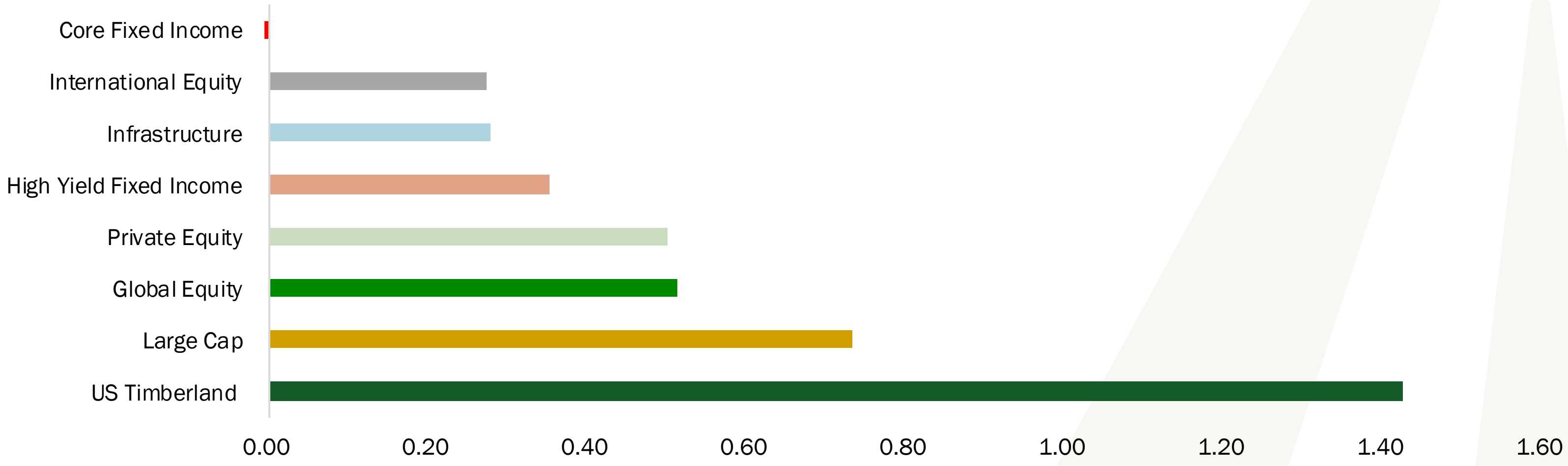


Working Forest
THINNING
HARVESTING
LOGS SORTED & STACKED
WEED & NUTRITION MANAGEMENT
PLANTATIONS ESTABLISHED
SITE PREPARATION
Harvested Wood Products
LOG TRANSPORT
PROCESSING MILL
LUMBER
PULP AND PAPER
BIOENERGY
MASS TIMBER
ENGINEERED WOOD PRODUCTS
ADVANCED BIOENERGY
CELLULOSIC FABRICS
VALUE ADDED WOOD PRODUCTS

Why Forestry? Diversification & Portfolio Benefits

THE LOWER VOLATILITY OF FOREST INVESTMENTS HAS BEEN TRADITIONALLY DERIVED FROM THE ROLE OF BIOLOGICAL GROWTH AS A VALUE DRIVER AND THE OPTIONALITY OF TIMING OF HARVESTS AND FOREST MANAGEMENT IN RELATION TO MARKET CYCLES.

Sharpe Ratios Across Asset Classes, 2014 - 2024



Data Sources: All returns are as of 9/30/2024, gross of investment management fees, and reported in USD. The indices include NCREIF Total Timberland Property-Level Index (Timberland), S&P 500 (Large Cap), MSCI ACWI (Global Equity), MSCI EAFE (International Equity), ICE BofA HY Index (High Yield Fixed Income), Bloomberg Barclays U.S. Aggregate Bond Index (Core Fixed Income), S&P Global Infrastructure Index (Infrastructure) and S&P Listed Private Equity Index (Private Equity). All benchmark indices, except for Timberland, are sourced from Bloomberg; the Timberland return data is provided by NCREIF. In the market disruptions chart, returns are calculated from the peak-to-trough for each benchmark during each specific market disruption. Sharpe ratios are based on a ten-year holding period ending 09/30/2024, with the 10-year Treasury yield used as a proxy for the risk-free rate. Inflation calculated via Federal Reserve Economic Data (FRED) Consumer Price Index for All Urban Consumers: All Items in U.S. City Average, Seasonally Adjusted.

Why Forestry? Diversification & Portfolio Benefits

TIMBERLAND HAS BEEN SHOWN TO HOLD VALUE THROUGH ECONOMIC SHOCKS AND DISRUPTIONS – ASSET CLASS FUNDAMENTALS GROW AND HOLD VALUE

For more information, see FIA's article on timberland's resilience amid economic uncertainty:

FIA IPE 2025

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Growth in Latin America Timber AUM

LATAM HAS ESTABLISHED SCALE AND RESOURCES POISED TO SUSTAIN FURTHER GROWTH AS EMERGING DRIVERS ATTRACT ADDITIONAL INVESTMENT

- Institutional timberland AUM in LatAm through major timberland investment managers (TIMOs) has increased to **1.4 million hectares and $6.2 billion**.
- **$2B+ achieved fundraising** announcements (dedicated regional funds) over past 18-24 months.
- This is approximately **9x investment over less than two decades**, with as much as 30% additional growth in anticipated deployments.

Traditional Drivers

- Diversification
- Higher risk-adjusted returns potential
- Ability to acquire at lower valuations
- Currency arbitrage
- Upside from maturation of investment sector
- Operational value add potential

Emerging Drivers

- Key countries viewed as more mature markets
- Reforestation and greenfield opps
- Alignment with climate and nature objectives
- Competitive market entry with managers with track record
- Blended finance and mechanisms to catalyze private capital

Data Sources: FIA analysis of multiple sources, including Timberlink Survey (12/31/2023 data latest), Agri Investor database and others.

ATTRACTIVE LABOR, GROWING, AND OPERATIONAL CONDITIONS

DIVERSIFICATION ACROSS TIMBER SPECIES AND MARKETS

GROWING POPULATION AND WOOD FIBER DEMAND

GLOBAL BIODIVERSITY HOTSPOTS

HIGH POTENTIAL FOR FOREST RESTORATION AND PROTECTION

Why Latin America? Why Now?

Latin America is not just participating in the global forest economy—it's shaping it.

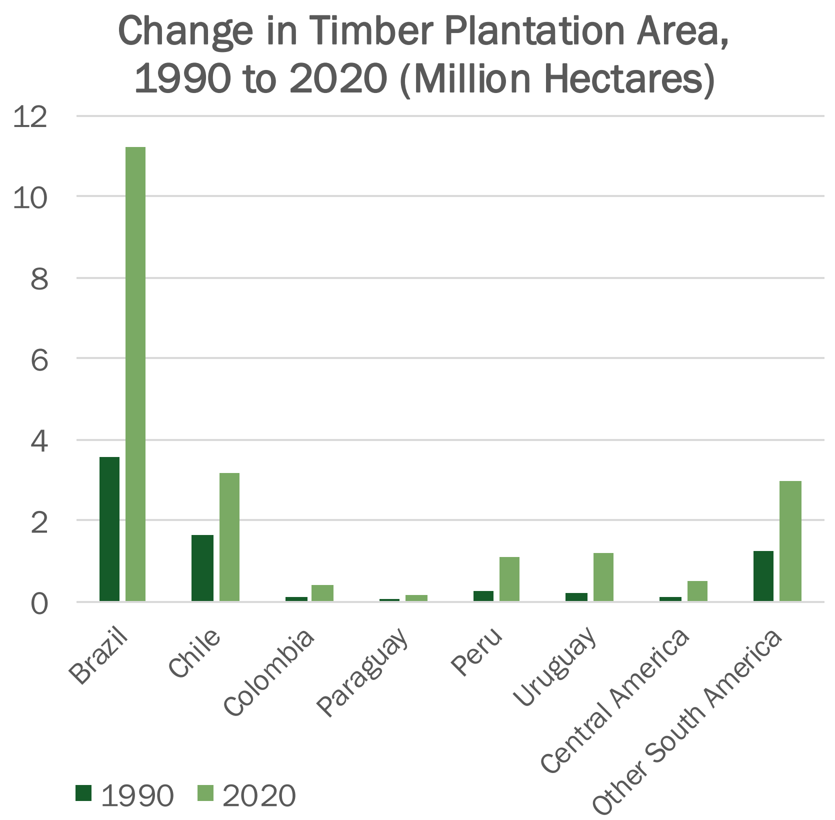
Few regions in the world combine this scale of biological productivity, land availability, and investment readiness.

- Fastest-growing planted forests in the world
- Export-oriented and investment-savvy
- Significant opportunity for commercial forestry and restoration expansion

Resource Development in Key Countries

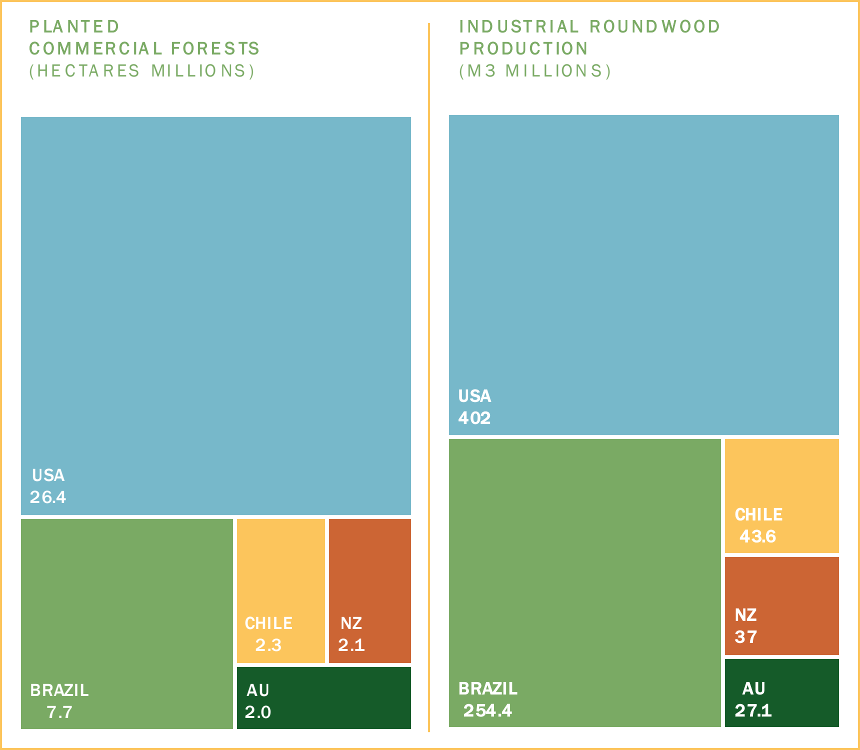
INTENSIVELY MANAGED PLANTATIONS HAVE BEEN THE ENGINE OF GROWTH IN THE LATAM FORESTRY SECTOR

- Brazil, Chile, and Uruguay have become the core regional investment markets due to combinations of timber market strength, forest sector development, and macro investment factors.
- More recently, much attention turned to Paraguay with pulp production expansion.
- Yet many countries have compelling conditions for commercial forestry.



Data Source: Morales Olmos, V. (2022). Forestry and the Forest Products Sector: Production, income and employment, and international trade.

Quality Resources, Production of Global Importance



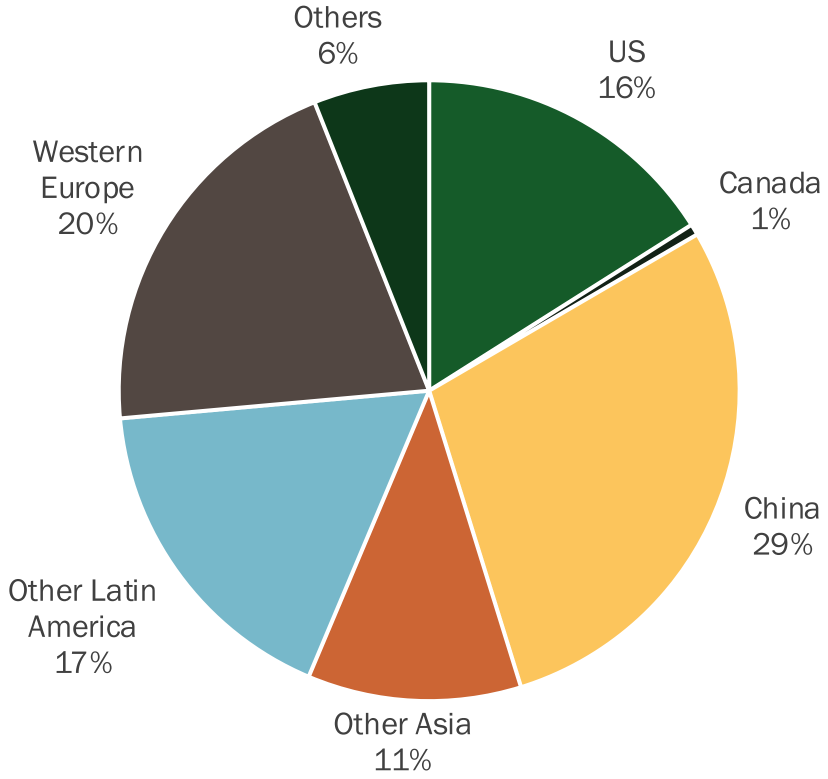
Sources: FAO; INFOR CL

Diversification – Trade & Market Exposures

LATAM PRODUCERS CAN BENEFIT FROM DOMESTIC, REGIONAL, AND GLOBAL TRADE OPPORTUNITIES

- Pacific ports provide exposure to rising Asian timber consumption:
    - Asia accounts for 40% of LatAm exports
    - Brazil already key source of pulp to Asia
    - Chile existing export platform
- U.S. exports have traditionally been important for market segments like high-value moldings – potential tariff impacts.
- Regional trade within Latin America remains important and a source of growth with rising population and GDP anticipated.

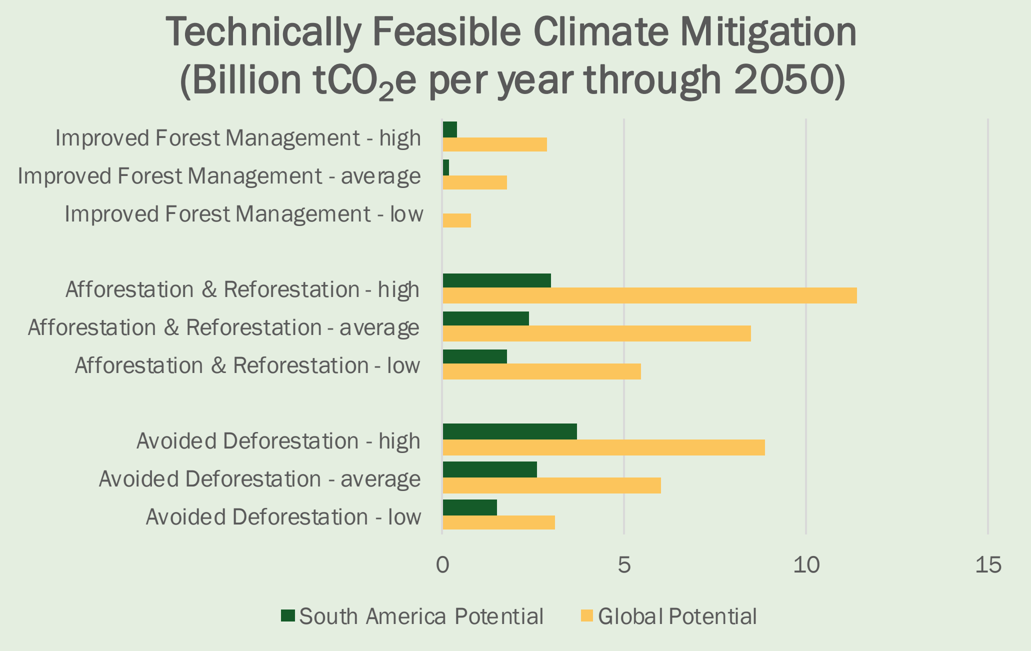
LatAm Timber Trade by Destination (US$17.5 Billion Total)



Data Source: Morales Olmos (2022) and FAOstat.

Climate Mitigation at Scale Is Possible & Material

LATAM HAS A CRITICAL ROLE IN SUPPLYING NATURE-BASED CLIMATE MITIGATION; DEMONSTRATED AND FORECAST CARBON CREDIT PRICING SUPPORT COMPETITIVE PRICING POTENTIAL



Potential abatement per year up to:

- 3.7 billion tCO2e from REDD+
- 3 billion tCO2e from ARR
- 400 million tCO2e from IFM

Carbon markets offer meaningful ability to influence commercial outcomes:

- Nature restoration credits trading at $14/ton (weighted average, 3 month).
- LatAm ARR credits trading at 20% premium.
- Nature-based removals anticipated to command price premiums:
  - $12-19/ton in 2030 whole market
  - $17-35/ton in 2030 nature-based removals
- Nature-based removal potential to reach >$70/ton by 2050 → some credits already receiving this in offtake agreements today.

Data Sources: FAO (2022). State of the World's Forests 2022. MSCI Carbon (2025).

Restoring & Protecting Biodiversity

LATAM BIODIVERSITY IS GLOBALLY SIGNIFICANT, MUST BE LOCALLY MANAGED

- Latin America is home to an incredible range of biodiversity, much of it threatened, and this extends beyond a “save the Amazon” mindset, with 5 IUCN biodiversity hotspots in South America alone.
- Nature-positive approaches to forestry enable targeted outcomes that align with conservation priorities.
- Valuation of biodiversity presents potential for restoration to become profitable on its own – while managing biodiversity reduces risk, supports social license, and offers potential for premiums on carbon credits.

40% of the world’s biodiversity is found in Latin America.

~50% of Latin America’s species are endemic.

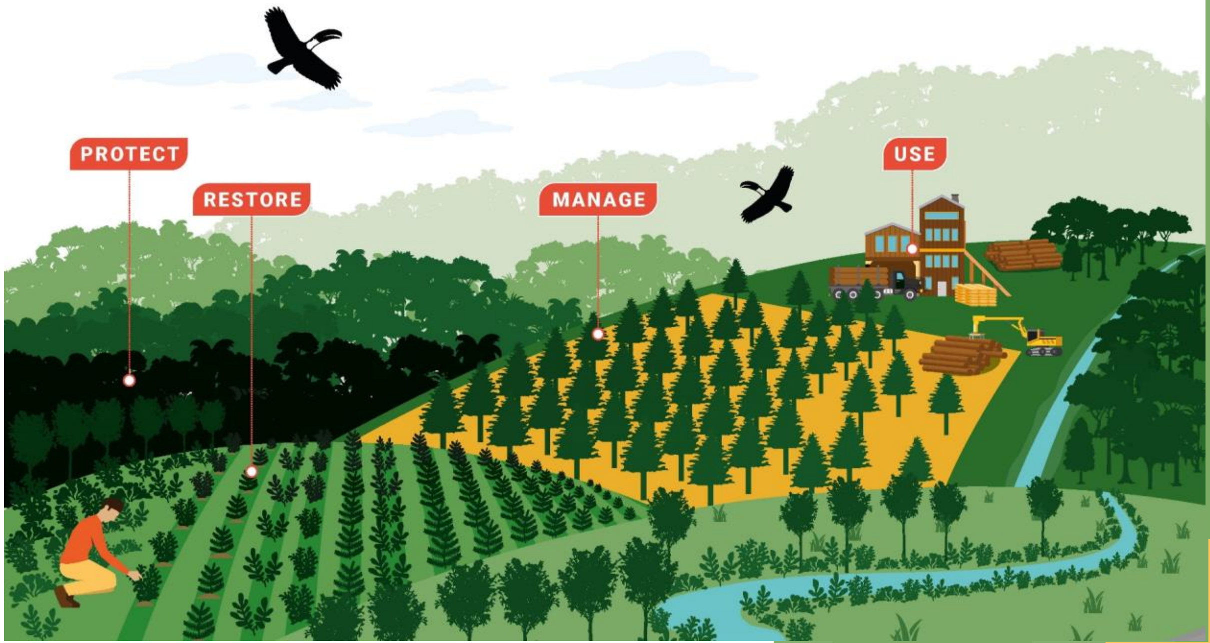
Natural forests in the Amazon and Andes host 1 in 10 known species on Earth.

SOURCES UNDP, UNEP, WRI.

Understanding Forestry as a Nature-based Solution

COMBINING THE MULTIPLE ACTIVITIES AVAILABLE IN THE FOREST SECTOR PRESENTS A BROADER INVESTMENT UNIVERSE.

- DIVERSIFYING REVENUE STREAMS
- NEW GEOGRAPHIC OPPORTUNITIES
- INTEGRATING PRODUCTION & CONSERVATION
- GREATER ALIGNMENT WITH POLICY AND SOCIETAL NEED



An Investment Lens on Forestry Nature-based Solutions

DIVERSIFIED FORESTRY NBS MAINTAINS ALL THE PREREQUISITES OF TRADITIONAL TIMBERLAND INVESTMENT WHILE ADDING EMPHASIS ON ABILITY TO DELIVER MORE COMPLEX MANAGEMENT STRATEGIES TO SUPPORT LAYERED RETURNS

Investable Land Base

- Secure tenure and clear land rights
- Suitability for different forest uses
- Market access
- Policy support that aligns with long-term land use

Skilled & Credible Forest Management

- Experienced operators
- Integrated ESG and impact management
- Strong governance and operational systems to manage risk
- Local partnerships

Blended, Multi-Objective Investment Models

- Flexible return models
- Integrated landscape strategies
- Credible impact accounting

Practical Pathways to Scale

Diversification, Risk, Real Assets, Real Impact

DIFFERING INVESTMENT PROFILES BY ASSET TYPE PRESENT OPPORTUNITY TO BUILD A DIVERSIFIED FORESTRY PORTFOLIO TARGETING A DESIRED RISK-AND-IMPACT-ADJUSTED RETURN – potential for diversification, risk management, and a portfolio-wide approach that supports tailored goals.

Established Plantations

- Scaled opportunities with lower risk and stronger cash yield, providing core timber exposure
- Key countries: Brazil, Chile, Uruguay

Greenfield Plantations

- Longer-term maturation of cash yield from timber balanced by carbon growth
- Key countries: Brazil, Colombia, Paraguay

Landscape Management & Restoration

- Ecosystem restoration, reforestation, and avoided deforestation
- Key countries: Brazil, Colombia, Peru

Forestry Infrastructure & Processing

- Development or upgrading of processing facilities aligned with value accretion for core portfolio investments
- Potential for opportunistic or strategic investment approaches

	Established Plantations	Greenfield Plantations	Landscape Management & Restoration	Forestry Infrastructure & Processing
CASH YIELD	HIGH / STEADY	MODERATE / END-WEIGHTED	LOW	HIGH
APPRECIATION	MODERATE	HIGH	LOW	LOW
CARBON CREDITS	LOW	MODERATE	HIGH	N/A

For illustrative purposes only. There can be no assurance that investments will exhibit all such investment characteristics or that any such target portfolio construction will ultimately be achieved.

Envisioning a LatAm Portfolio for the Future

PURSUING COMBINED CLIMATE, NATURE, AND FINANCIAL OUTCOMES

- Imagine approximately $250M deployed across 6 investments: 2 established plantations, 2 greenfield expansion plantations, 1 REDD+, and 1 native ARR carbon project.
- Different risk-return and cash flow profiles become complementary
  - Cash flows from timber plantations contribute to ongoing greenfield and carbon project operating expenses
  - Carbon credit cash flows compensate for time-lag on greenfield appreciation and cash flows
  - Carbon-shy investors may be comforted by core timber fundamentals (e.g., cash yield, appreciation, inflation protection)

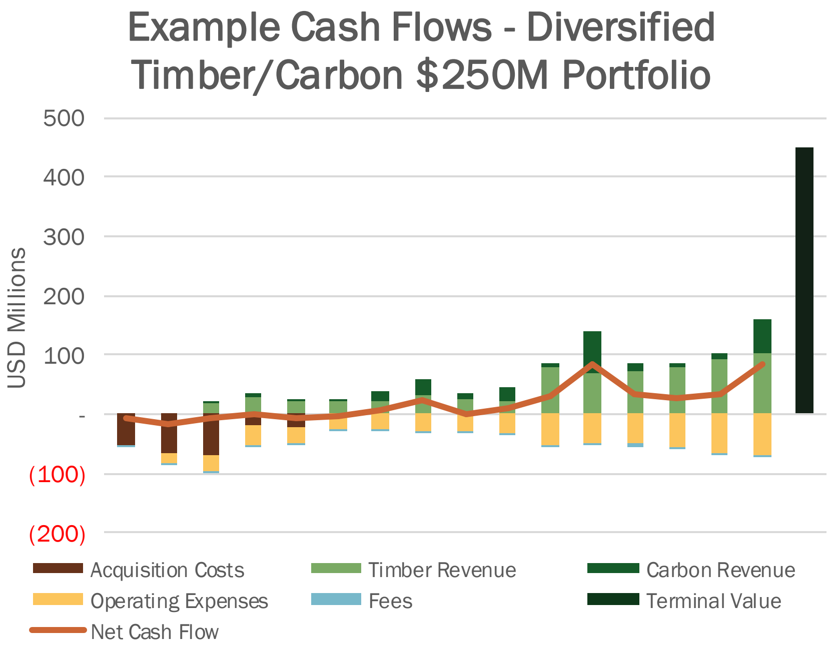
65,000+ ha
conservation area

7+ million tCO_2e
carbon credits

49,000 ha
net productive area in plantations

22% conservation areas
within plantation estates

35,000+ ha new forest cover
14,500 restoration area
20,000+ production area




Climate, Nature, and
Forests can't wait.
Why should we?
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