# North American Timber Markets' Resilience

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# North American Forestry Investments – Nature Driven Resilience

New Forests

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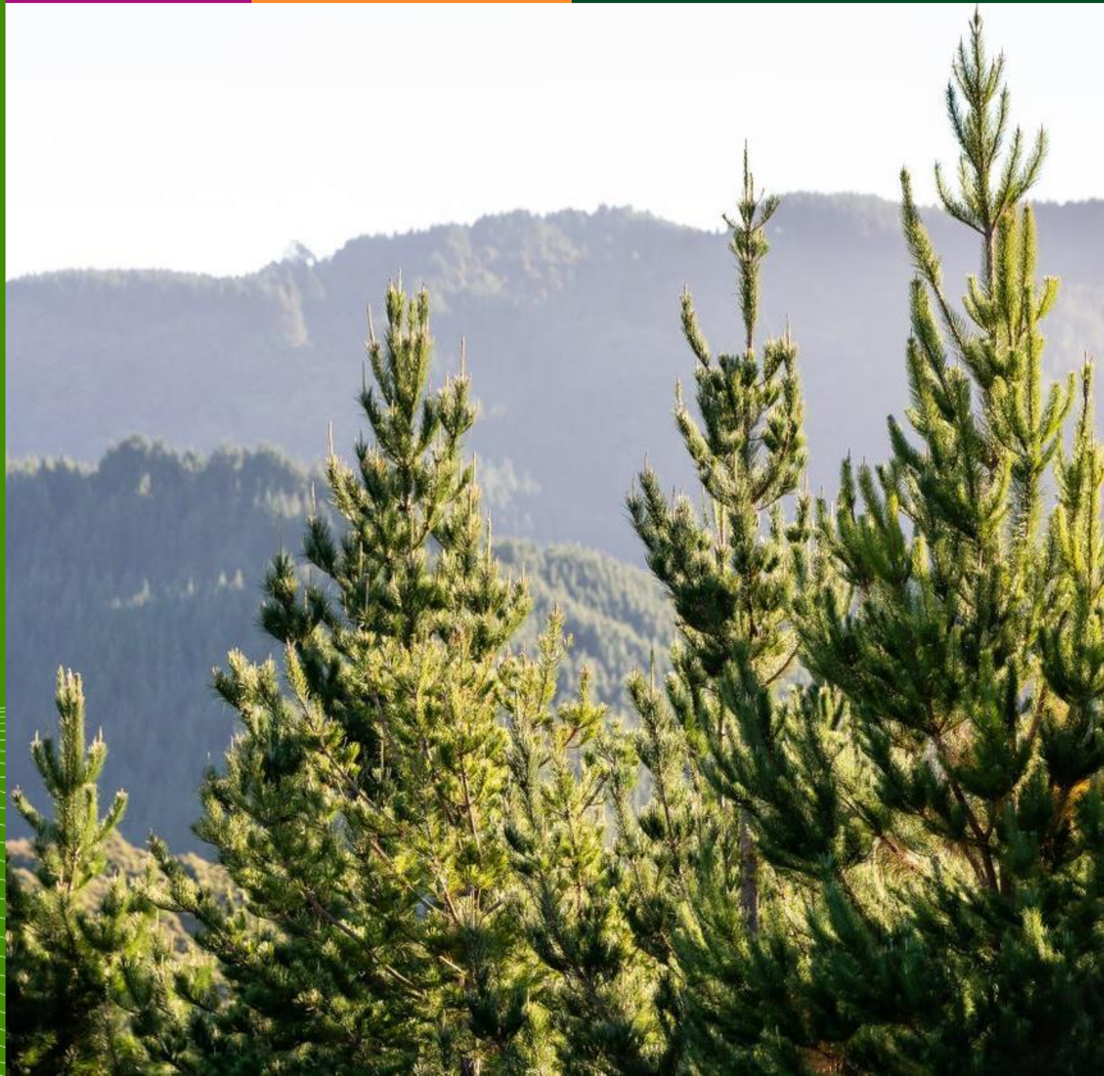

# About New Forests

**Founded in 2005 to manage institutional forestry investments, New Forests is one of the world's largest forestry investment firms[1], investing in both the productive use and long-term stewardship of forests and land through sustainable real assets investment.**

- Approximately AUD 11.7 billion (USD 7.7 billion) in assets under management[2] including over 4.3 million hectares (10.5 million acres)[3] of land across the regions in which we operate.
- Regional investment strategies offering focused investment opportunities in real assets and natural capital, across developed and emerging markets.
- Head office in Sydney; 140+ employees across Australia, New Zealand, Singapore, the US and Kenya.[4]

Our vision is to see investment in land use and forestry as central to the transition to a sustainable future.

| | Assets Under Management FY24[1] | Area Under Management FY24[2] |
|---|---|---|
| | **$11.7** billion AUD | **4.3** million hectares |
| Forestry | **$10.2** billion AUD<br>$9.9 billion AUD in FY23 | **1.2** million hectares<br>1.1 million hectares in FY23 |
| Agriculture | **$1.5** billion AUD<br>970 million in FY23 | **3.1** million hectares<br>135,391 hectares in FY23 |

[1] IPE Natural Capital Report 2024
[2] The AUM includes audited figures as at 30 June 2024 for ANZFF, FIT, GTFT, ANZFF2, TFT, ANZFF3, TFL, EEL, and 1 New Forests' managed US Timberland account, and unaudited figures for Lawson Grains, Yougawalla Pastoral Co, AFIP, TAFF2, TCAT, TAFF and New Forests' 3 managed US Timberland accounts. Reserve Bank of Australia (RBA) exchange rate of 0.6624 as at 30 June 2024 used for AUD to USD conversion.
[3] Gross hectares under management includes a variety of land uses such as timber plantations, natural forest areas, agriculture, conservation areas, and carbon projects. In some carbon projects in the United States, New Forests manages carbon projects held on third-party owned land.
[4] As at January 2025

# Evolution of Forestry as Institutional Asset Class: Optionality

**Adding climate and biodiversity considerations to the traditional characteristics of investing in forestry and agriculture**

Shift from natural forest clearing to sustainable timber plantation harvesting → Increased demand for timber and wood fibre → Rise of sustainability and climate mitigation opportunities → Increase in different revenue opportunities

The information represented in the flow diagram represents an analysis of market trends and views of New Forests and has been included for illustrative purposes only.

# Thematic Considerations linked to Climate and Biodiversity

**New thematic characteristics re evolving with Net Zero transition and Nature Positive opportunities**[1]

## Historically assumed characteristics of Forestry and Agriculture

- Income and biological growth
- Historically low correlation to traditional asset classes
- Low volatility of returns
- Inflation hedging characteristics
- Positive ESG attributes

## New thematic characteristics evolving with Net Zero transition

- Climate change mitigation / net zero targets
- Carbon and biodiversity credits opportunity
- Contribution to nature-positive outcomes
- New markets from circular bioeconomy / nature positive

[1] Based on examples from New Forests' clients. This is the view of New Forests based on New Forests' data.

# Opportunities in US Timberland

The US is the largest forest products economy in the world and the largest producer and consumer of industrial roundwood with production, nearly 20% of the world total.[1]

## Potential Upsides

- Declining interest rates could enhance housing affordability, stimulate new construction, boost housing turnover, and incentive repair and remodeling (R&R) activity.
  - US Housing starts represent 32% of US lumber consumption and repair and remodel represent 38%.
- Increase in Mass timber and Cross-Laminated Timber (CLT) projects could drive higher non-residential demand.
- The structural housing shortage may support medium-term growth and mitigate potential negative effects from high interest rates, tariffs, etc.
- Growing markets for carbon and conservation finance offers optionality to forestland owners.

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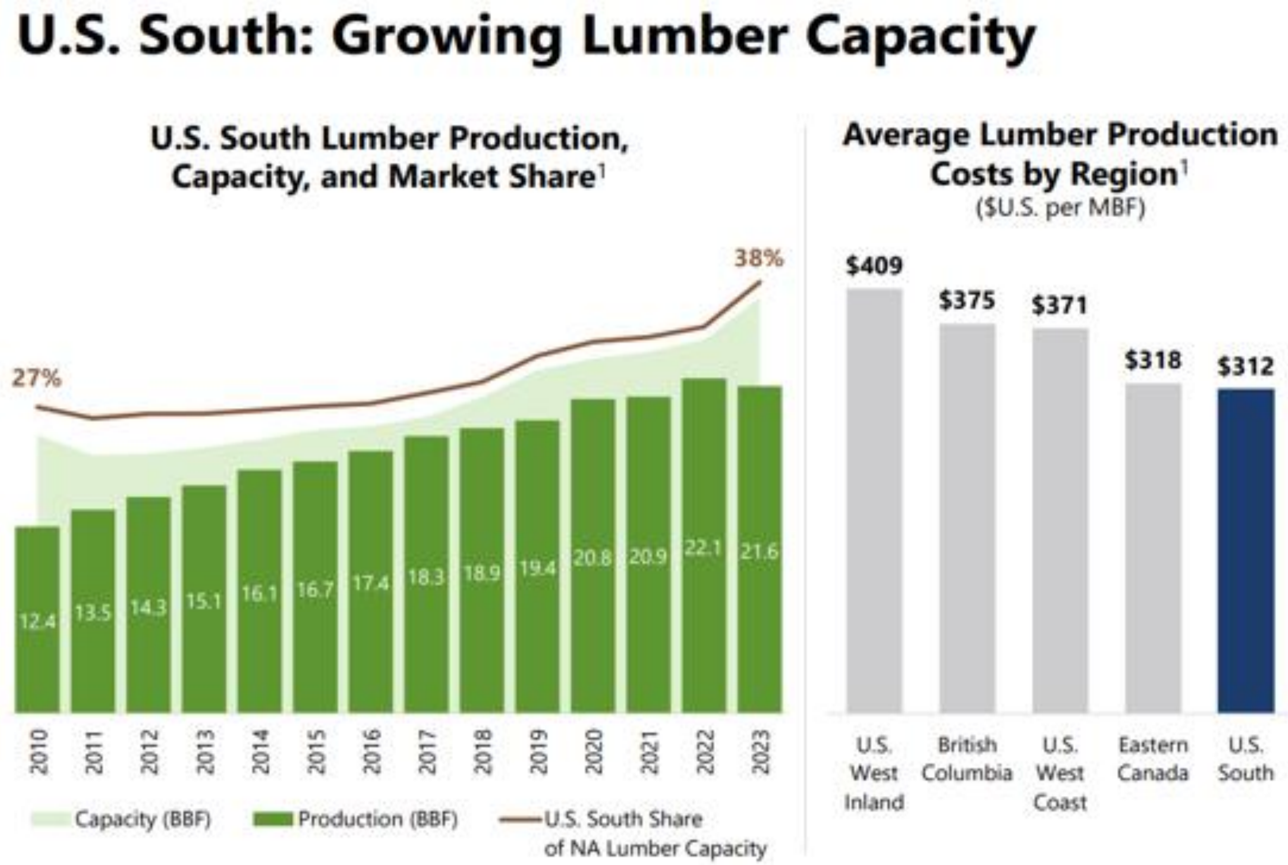
1. Food and Agriculture Organization, and agency of the United Nations (FAO) STAT. Forestry Production and Trade Database. Data as of 2021

# Opportunity in Southern Pine in the U.S.

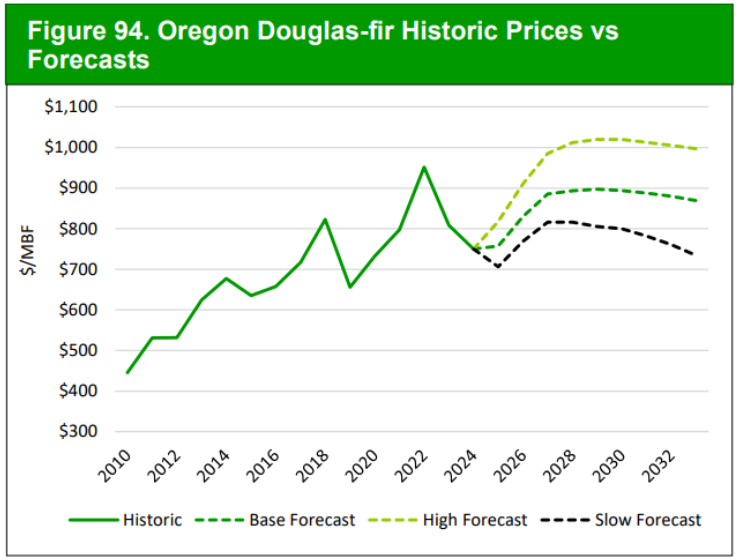
- The U.S. South increased its market share of the total NA lumber capacity from 27% in 2010 to 38% in 2023, largely replacing market share lost by Western Canadian mills.
- The reversal of Canadian duties presents a potential risk; however, we view the U.S. South as a long-term winner, supported by its cost-efficient production, stable log supply, and inherent land option value.
- Increasing uptake of climate focused outcomes, such as removal-focused IFM carbon offsets, renewable energy development, and carbon capture & storage.



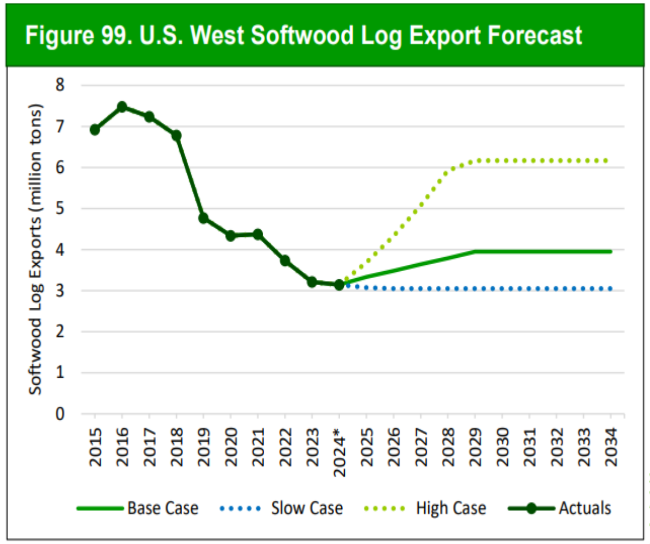

Footnote 1: Information taken from Weyerhaeuser December 2024 presentation, Rayonier November 2024 presentation and Forisk Q1 2025 report.

# Opportunity in Pacific Northwest Softwoods in the U.S

- Recovery expect post - 2024, driven by increased lumber demand and higher-cost processing facilities being closed
- Tariff risks are real, however demand from Japan is likely to be more resilient, partly driven by recovering log demand
- Robust climate-focused opportunities, especially driven by regulatory carbon markets




Data Sources: Oregon Log Market Report, Forisk Consulting




Data Sources: U.S. Census, Forisk Consulting
*2024 estimated from YTD data through November 2024

Footnote 1: Information taken from Forisk Q1 2025 report.

# Thematic Considerations in US Timberland Investments

**New thematic characteristics compliment robust fundamentals supporting traditional forest management**

## Solid foundation from traditional management outcomes

- Positive outlook for traditional forest management
- Structural demand drivers
- Mass-timber upside
- Land use options
- Conservation & recreation outcomes

## New thematic characteristics compliment traditional management

- Climate change mitigation / net zero targets
- Carbon and biodiversity credits opportunity
- Contribution to nature-positive outcomes
- New markets from circular bioeconomy / nature positive

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