Q3 2025

FOREST INVESTMENT ASSOCIATES®

Forestry Insights

FIA is excited to share a refreshed version of our Forestry Insights Quarterly Newsletter. We intend to provide the continued market coverage our readership enjoys while also offering additional perspective into FIA's people and our business.

As the third quarter closed, global forest products markets navigated shifting trade flows, tariffs, and uneven economic signals. Structural lumber pricing weakened over the quarter, with ongoing economic uncertainty against a persistent view of improving mortgage rates on the horizon. The pulp and paper segment remains under pressure, with familiar and unfortunate headlines of mill closures. In the U.S. South alone, Forisk reports 11 shutdowns since 2022, representing 8.2 million tons of lost pulp production, or a loss of 25 million tons of annual wood consumption.

More broadly, the globalization of the forest products supply chain, which methodically expanded over the past two decades, is enduring tests from tariff shocks and cyclical forces that continue toward the end of 2025. Producers feeding into U.S. markets, notably from Latin America and Europe, have either scaled back operations or diverted volumes into alternative markets. Overall, we see this as a sign of adaptability of the global timber trade, and we find that sustainable fiber and log availability remain intact across FIA's portfolio. For now, communities and markets exposed to mill closures and redirected trade are adapting with resilience, while industry participants continue to adjust to short-term volatility in pursuit of longer-term opportunities. Outside of the current state of volatility, the timberland investment case and fundamentals remain intact.

Through every cycle, our strategy remains grounded in trust: trust in our people, our partners, and our investment process. The long-term value of sustainable working forests remains central to FIA's purpose. Thank you for reading and for being an important part of FIA.

Mike Cerchiaro,
President & CEO

Transactions Overview

CLOSED AND/OR ANNOUNCED TRANSACTIONS

- Molpus announced its purchase of 173,000 acres in Louisiana, Mississippi, and Alabama from Soterra for $462 million, valued at approximately $2,670/acre.
- Manulife closed its acquisition of 50,000 acres in Louisiana from Rice University for $94 million.
- FIA sold 8,100 acres in South Carolina to The Conservation Fund for $34.2 million and 7,400 acres in Virginia to Salm Schulenburg for $22 million.
- IKEA closed its acquisition of 22,000 acres in Florida from Manulife for $26 million.
- In Q4, FIA announced its pending purchase of 86,000 acres of high-quality loblolly pine estate in Georgia and Alabama for approximately $220 million from Weyerhaeuser. In addition, Campbell Global contracted 28,000 acres in coastal Oregon from the REIT for $190 million. A further Weyerhaeuser disposition of 108,000 acres in Virginia is pending for early 2026.

TRANSACTIONS IN PROGRESS

- Investors are waiting for details on several transactions expected to close in the fourth quarter, including multiple $100 million+ offerings covering all geographic regions.
- A flurry of new offerings continues to hit the market, with several transactions not expected to close until 2026.
- Total transaction value for 2025 could reach or surpass last year's $2.3 billion.

Ryan Reddish
Director, Acquisitions

Timber REIT Merger Points to Industry Upside

Rayonier and PotlatchDeltic Announce $7.1 Billion Merger Signaling Growth in Timber Industry.

In mid-October, Rayonier Inc. and PotlatchDeltic Corporation have officially announced a $7.1 billion merger, creating one of the largest publicly traded timberland real estate investment trusts (REITs) in the U.S. This strategic combination aims to leverage both companies' extensive timberland assets and operational experience to enhance scale, efficiency, and market presence.

By uniting, the combined entity will hold approximately 4.2 million acres of timberlands across key regions, positioning it well to capitalize on growing demand for sustainable wood products and land management services. The deal also reflects broader industry trends of consolidation amid shifts in pulp and paper markets and increasing focus on sustainable forestry practices.

Market analysts view the merger as a positive signal of potential upside in timber prices and real estate valuation, driven by increased scale and diversification. FIA views the merger as a testament to the quality of the landbase held by each company and will monitor how the post-merger company furthers their activities across timber, real estate, and wood product markets at their newfound scale. While Rayonier migrated to a "pure play timber REIT" over the past several years, the additions of PotlatchDeltic's wood products business provides a new value lever to throw despite a lack of overlap in PotlatchDeltic's wood products facilities and Rayonier's timberland portfolio.

FIA Publications

From Timberlands to Brussels: Why EU Policy Matters for Forestry Investors

EU policies are reshaping the landscape for global forest investors — from timber trade rules to sustainable finance and carbon markets.

FIA's new investor briefing, From Timberlands to Brussels, highlights what these shifts mean for timberland portfolios and how to stay ahead of regulatory change.

Read the full Investor Briefing: From Timberlands to Brussels: Why EU Policy Matters for Forestry Investors.

2024 Sustainability Report

In August, FIA released our sixth annual Sustainability Report, detailing how we delivered long-term value through responsible forest investment; innovated credible natural capital management strategies; and met strategic ESG and portfolio targets.

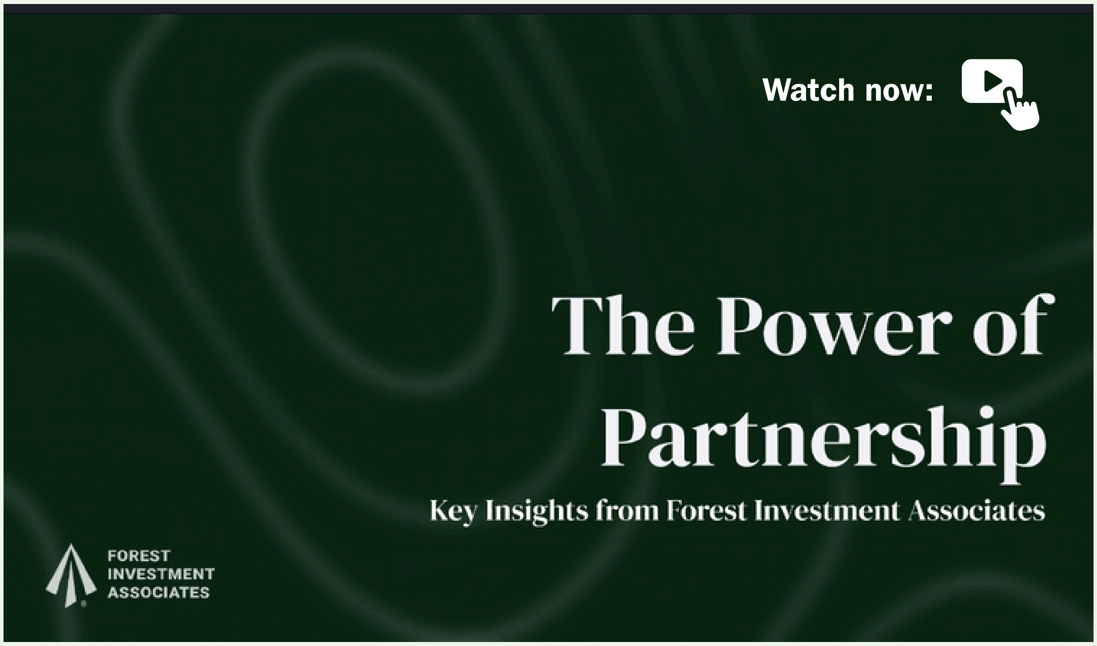
Highlights include:

- Receiving the Environmental Fund of the Year for North America Award from Environmental Finance, in recognition of our success in climate-smart forestry.
- Expanding stewardship via the Broad Arrow Forests Program to recognize forests with exceptional ecological, aesthetic, and recreational values.
- Celebrating partnerships with communities and stakeholders, detailed in seven new case studies, that advanced conservation, biodiversity, ecosystem restoration, and community engagement programs across our global footprint.

Ross Holbrook
Sustainability Manager

Read the full 2024 Sustainability Report

Disclaimer: *FIA self-nominated for the Environmental Finance award. No fees or payments were made by FIA for nomination, consideration, or receipt of either award.*



Now Live: FIA Video "The Power of Partnership"

FIA's video, **The Power of Partnership**, highlights how our team and trusted forestry partners work together to deliver long-term, sustainable outcomes. From shared stewardship goals to day-to-day collaboration, the video offers an inside look at FIA's partnership model in action—built on transparency, trust, and deep field expertise. It's a reflection of the people and relationships that make effective forest management possible and help us serve our clients with care and integrity. Special thanks to Tom Margo, President of American Forest Management, for contributing his perspective to the conversation.

Boots on the Ground - Team Member Spotlight

Madison Akers joined FIA in 2020 as a Regional Investment Forester and manages client timberland properties across South Carolina, North Carolina, and Virginia.

Q: **Can you share about your role – how does your work being closest to the properties contribute to the way FIA manages forestry assets and portfolios?**
A: As a forester, I have the opportunity to see firsthand how our management decisions play out on each property. That on-the-ground perspective helps our broader team make stronger, more informed portfolio-level decisions. I work closely with local contractors, consultants, and FIA's portfolio managers to ensure field operations align with investment objectives - whether that means optimizing growth, improving access, or advancing conservation outcomes.

FIA Team Highlights

Celebrating Careers of Impact

This July, we celebrated the retirement of **Sallie Carson** and **Linda Garland**, two long-standing and deeply valued members of the FIA team, as they concluded their careers after more than two decades of service.

Sallie Carson, Manager of Business Processes, joined FIA in 2000. She was an integral part of the Investment Management Team, having contributed to key projects and delivering exceptional support to FIA's partner foresters.

Linda Garland, Director of Client Accounting, was with FIA since 2002. Her steady leadership and attention to detail helped shape FIA's accounting operations and supported continual improvement in timberland accounting and audit processes.

Both Sallie and Linda have exemplified dedication, reliability, and integrity, and their contributions will have a lasting impact on the organization.

Join FIA in thanking Sallie and Linda for their outstanding service and wishing them the very best in retirement!

Awards & Distinctions

Congratulations to our colleague **Mike McEntire** on receiving the 2025 Presidential Field Forester Award from the Society of American Foresters for District 7!

His dedication and leadership in the field highlight the impact of sustainable forestry in action.

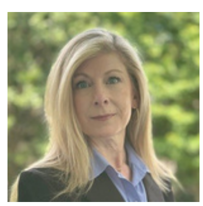
Disclaimer: *The 2025 Presidential Field Forester Award nomination was submitted externally. FIA did not provide any payment or other compensation in exchange for this award or recognition.*

FIA Welcomes New Colleagues

This quarter, we're excited to welcome three new colleagues who bring strong experience and energy to FIA and Broad Arrow:

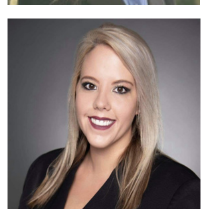
BRUNNA BRAGAGLIA
Investment Manager, Latin America
São Paulo, Brazil

Brunna joins FIA's Latin America investment team, supporting portfolio growth and strategy across the region.



KIMBERLY EASTON
Corporate Administration Coordinator
Atlanta, GA

Kimberly supports FIA's corporate operations, contributing to organizational efficiency and administrative coordination.



JULIA COOPER
Bookkeeper, Administrative Coordinator
Broad Arrow Timber
Atlanta, GA

Julia supports the Broad Arrow TImber delivered sales with financial reporting and administration.

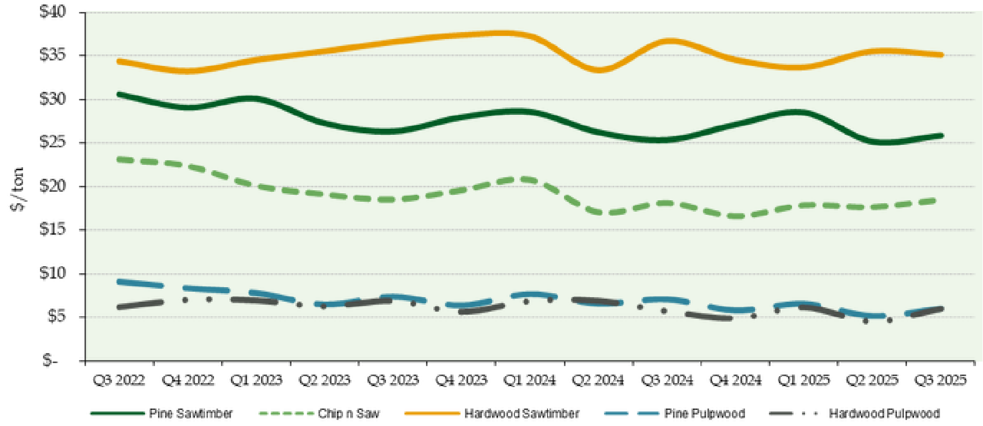
Please join us in giving a warm welcome to Brunna, Kimberly, and Julia - we're glad to have them on board!

Forestry Markets & Related Data (U.S.)

SOUTHEASTERN — FOREST2MARKET REPORT HIGHLIGHTS (Q3)

- Pine Sawtimber prices increased 2.8% quarter-over-quarter and were up 2.0% year-over-year.
- Pine Chip-n-Saw prices rose 4.8% during the quarter and were 2.1% higher than year-ago levels.
- Pine Pulpwood prices increased 16.6% quarter-over-quarter but remained 15.3% below year-ago levels.
- Hardwood Pulpwood prices increased 32.04% over the quarter and were up 5.1% year-over-year.
- Hardwood Sawtimber prices decreased 1.12% over the quarter and were down 4.37% year-over-year.

Southeastern Timber Prices

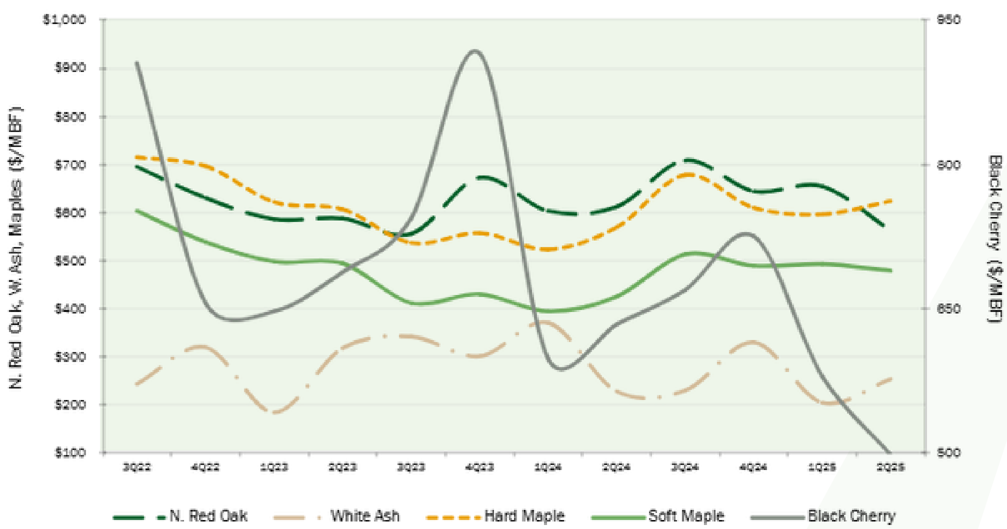


Source: Forest2Market®

NORTHEAST HARDWOOD — THE PENNSYLVANIA WOOD MARKET REPORT HIGHLIGHTS (Q2)

- Black Cherry log prices continued their downturn after last year's brief run-up, decreasing 14.0% over the second quarter and 21.4% year-over-year.
- White Ash prices increased 24.0% during the same period and were 11.1% above year-ago levels.
- Hard Maple also saw an increase, up 4.5% quarter-over-quarter and 9.5% year-over-year.
- Soft Maple was down 2.7% during the quarter but remained up 12.7% year-over-year.
- Red Oak log prices fell 14.0% quarter-over-quarter and were 8.0% below year-ago levels.

Northeast Hardwood

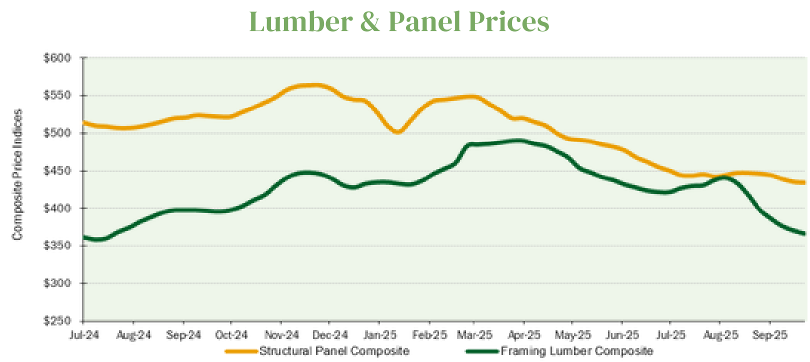


Source: Pennsylvania Woodlands Timber Market Report - Northwest Region

Forestry Markets & Related Data (U.S.)

RANDOM LENGTHS HISTORICAL INDICES (LUMBER & PANEL PRICES) — REPORT HIGHLIGHTS (Q3)

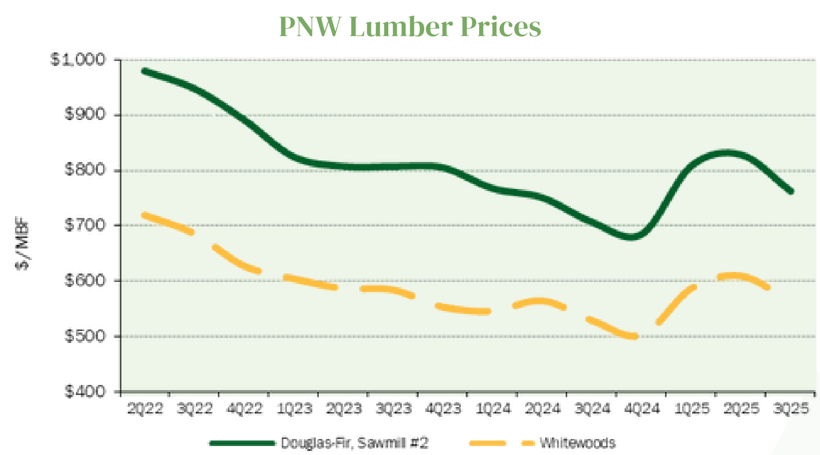
- Framing lumber composite prices decreased after a brief run up, ending the quarter 13.0% lower than beginning levels and 7.3% lower year-over-year.
- Structural panel prices were 4.6% lower during the quarter and down 16.9% when compared to year-ago prices.
- Despite recent decreases, both lumber and panel prices are at or near pre-pandemic levels.



Source: Random Lengths ®

PACIFIC NORTHWEST — REPORT HIGHLIGHTS (Q3)

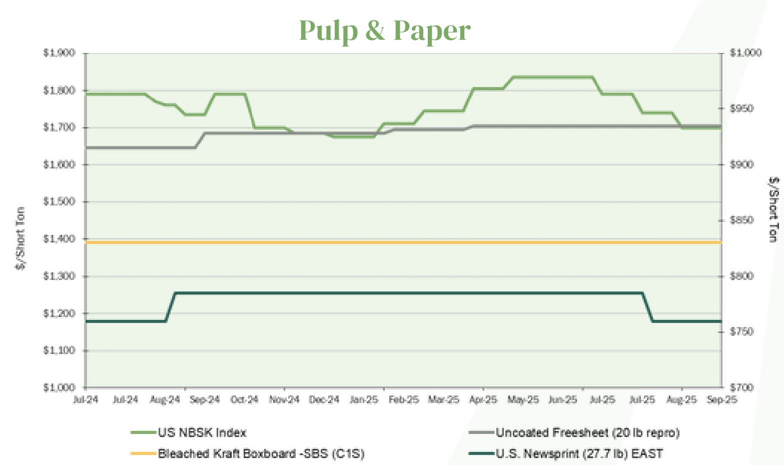
- Douglas-Fir logs were trading at 7.9% below last quarter's pricing but 7.9% higher than year-ago levels.
- Whitewoods were down 7.7% quarter-over-quarter and up 6.5% year-over-year.



Source: Fastmarkets RISI - Log Lines®

PULP & PAPER — REPORT HIGHLIGHTS (Q3)

- Board prices remained stable throughout the quarter, hovering around $950/short ton, showing no significant price fluctuations.
- Freemarket NBSK held steady at $1,300/short ton until a sharp drop to $1,200 in early August, where it has since remained.
- Newsprint prices experienced a mid-year decline from $770 to $750/short ton, maintaining that level through the end of September.



Source: Fastmarkets RISI - Graphic Paper North America Dashboard

Forestry Markets & Related Data (U.S.)

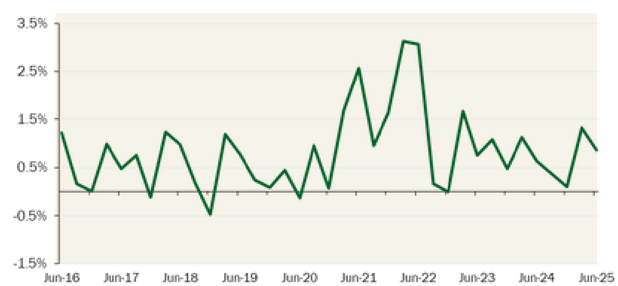
U.S. QUARTERLY DASHBOARD (Q3)

- The U.S. housing market experienced continued challenges even with mortgage rates softening towards the end of the third quarter.
- Housing starts were reported at 1.307 million in August 2025.
- The U.S. Federal Reserve cut rates in September, which contributed to a decrease in 30-year mortgage interest rates to 6.35%, providing modest consumer relief.
- U.S. GDP increased significantly from around $25 trillion in 2022 to nearly $28 trillion by 2024, reflecting sustained economic expansion.

Lumber

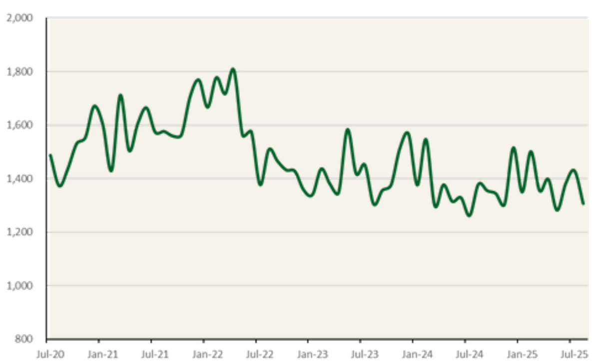
Source: U.S. Department of Labor, Bureau of Labor Statistics

Inflation - Quarterly CPI



Source: U.S. Department of Labor, Bureau of Labor Statistics

30-Year Housing Starts

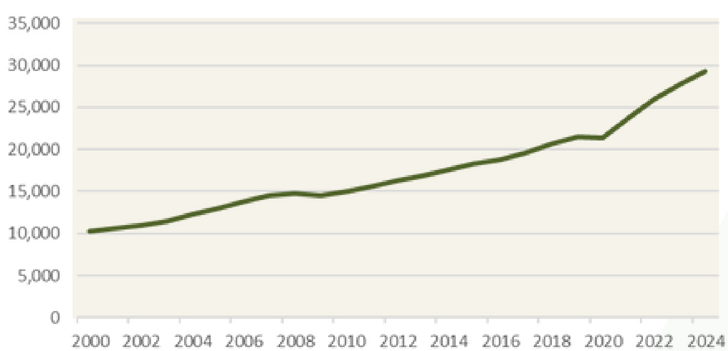


Source: National Association of Homebuilders

30-Year Mortgage Rates

Source: The Federal Reserve

U.S. GDP (USD, Billion)

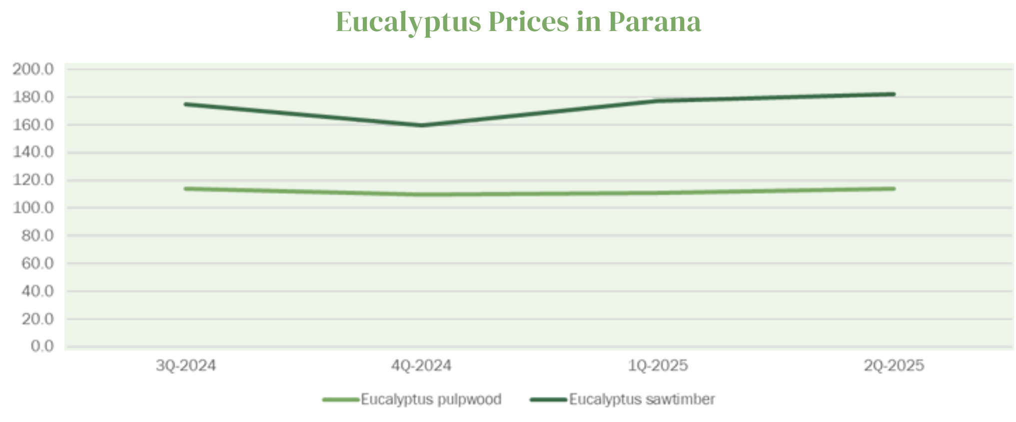


Source: The Federal Reserve

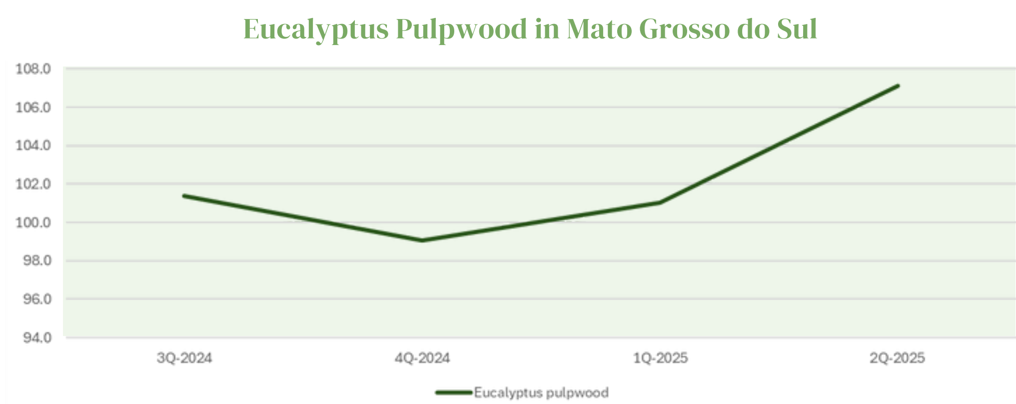
Forestry Markets & Related Data (Latin America - Brazil)

BRAZIL PRICES — REPORT HIGHLIGHTS (Q3)

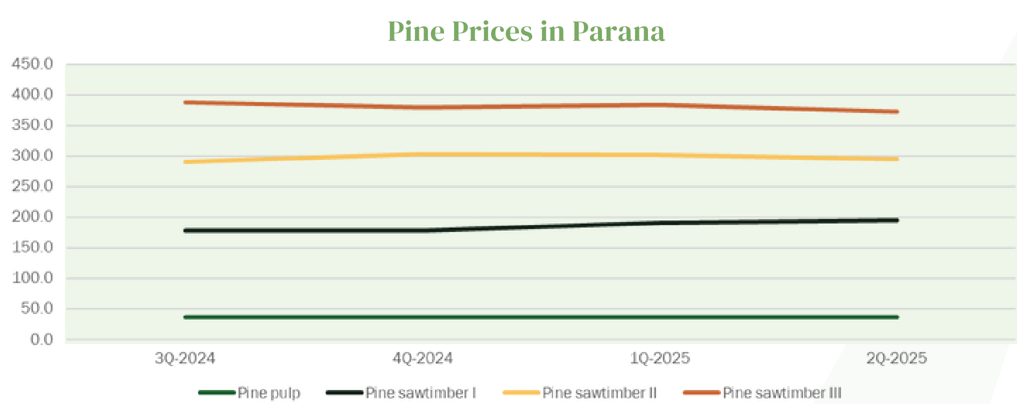
- In Paraná, eucalyptus pulpwood prices increased by 8.3% during the quarter and were 8.2% higher than year-ago prices.
- Eucalyptus prices in Mato Grosso do Sul were also up during the quarter by 1.1% and were 6.8% higher year-over-year.
- Pine prices in Paraná remained largely stable, with slight increases across sawtimber categories.



Source: AFRY (Radar Report)



Source: AFRY (Radar Report)



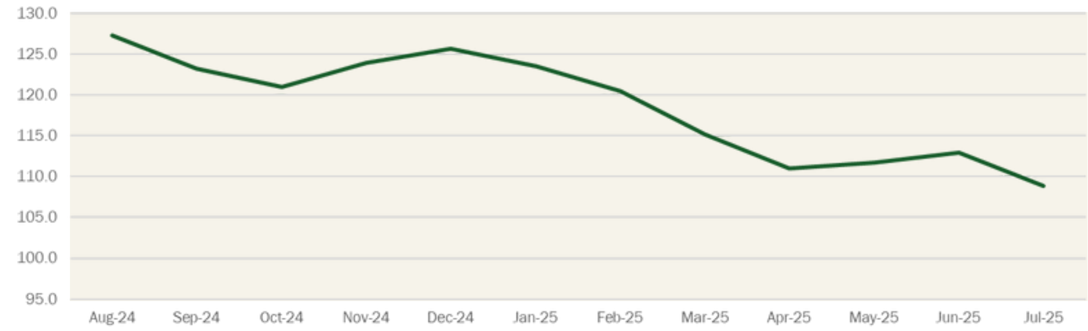
Source: AFRY (Radar Report)

Forestry Markets & Related Data (Latin America - Brazil)

BRAZIL QUARTERLY DASHBOARD (Q3)

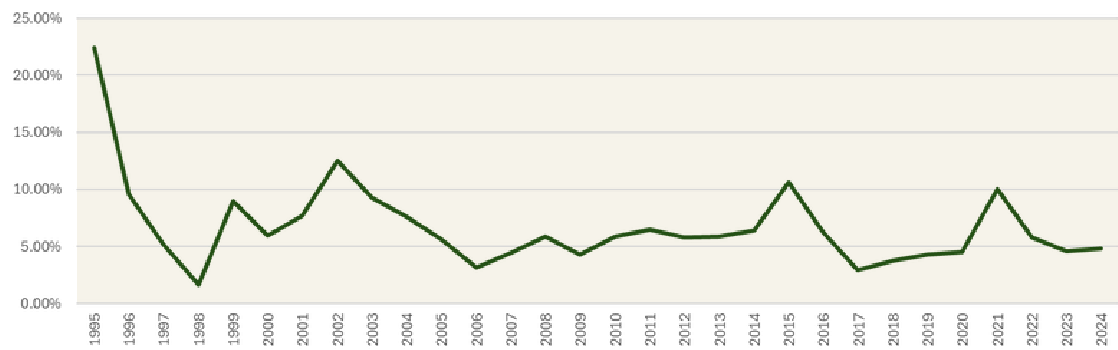
- Consumer confidence increased over the previous quarter and remains near the historical average for Brazil.
- The inflation rate was slightly higher in September (5.17%) compared to August (5.13%), driven by increased costs for housing and personal expenses, among other factors.
- Over the past two years, Brazil's GDP has rebounded from its 2020-2021 dip, regaining strength with consistent growth in 2023 and 2024, approaching its previous peak near USD 2.6 trillion.

Brazilian Consumer Confidence Index



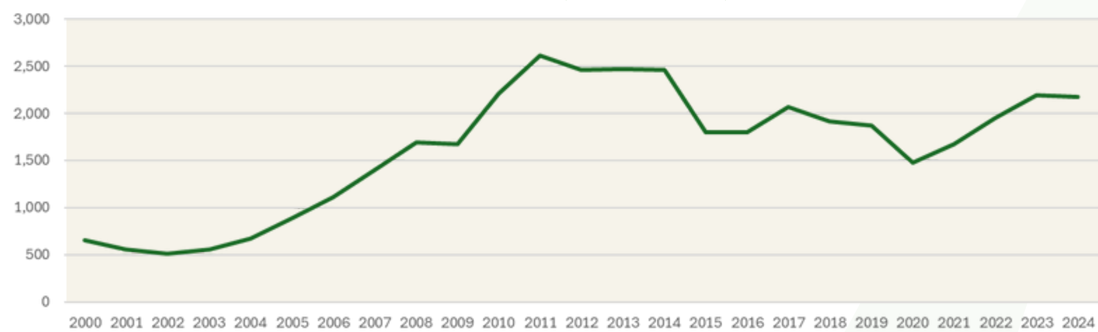
Source: Federação do Comércio do Estado de São Paulo (Fecomercio SP)

Brazilian Annual Inflation



Source: Instituto Brasileiro de Geografia e Estatística, Sistema Nacional de Índices de Preços ao Consumidor (IBGE/SNIPC)

Brazilian GDP (USD, Billion)



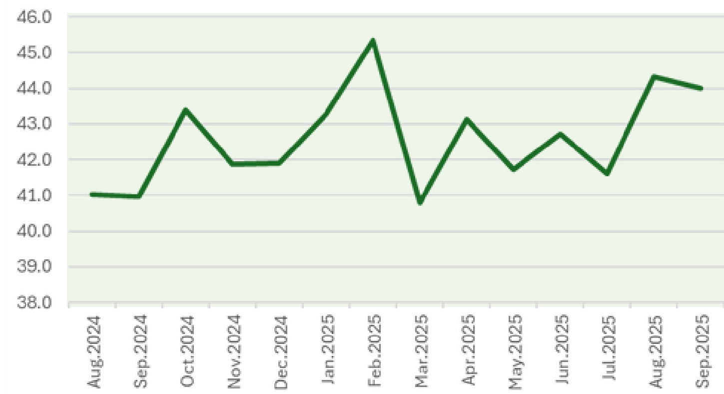
Source: Fundo Monetário Internacional, World Economic Outlook database

Forestry Markets & Related Data (Latin America - Chile)

CHILE QUARTERLY DASHBOARD (Q3)

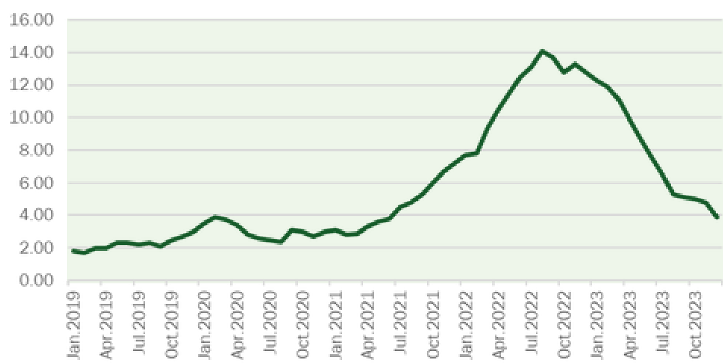
- The CPI rose to 109.14 points (an all-time high) by the end of the quarter, up from 108.66 points in August.
- The annual inflation rate ended the quarter at 4.4%, an increase from August's rate of 4.0%.
- Chile's GDP has trended steadily upward since the early 2000s, with a notable dip around 2020–2021, followed by a recovery and stabilization through 2024.

Chile Consumer Confidence Index



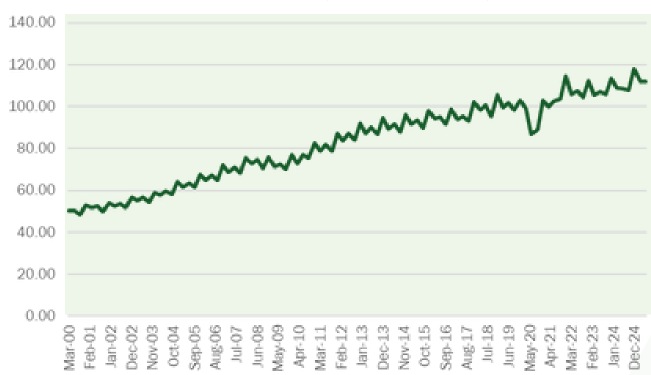
Source: IPSOS

Chile Annual Inflation



Source: Statistics Database (BDE)

Chile GDP (USD, Billion)



Source: Statistical Database (BDE)

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