

Q3 2026

FOREST INVESTMENT ASSOCIATES

Forestry Insights

As we move into the back half of 2026, FIA continues to build on the momentum of a transformative year. As markets feel a bit levered to broader spending in AI infrastructure and related energy investments, the forest products sector has continued to push through sector-wide challenges. Despite those challenges, the FIA team keeps our long-term perspective central in all that we do.

Hot off the press, we are proud to share our latest Sustainability Report, reflecting our ongoing commitment to responsible forest management and long-term value creation across our platforms. Readers may also be interested in a recent feature in Agri Investor which highlights some of the foundation qualities of the timberland asset class which remain relevant today. This quarter's 'Boots on the Ground' section shines a spotlight on Jack Stover, FIA's Director, U.S. Operations, highlighting the people who bring FIA's mission to life every day.

Reflecting on the third quarter, we continue to navigate a market defined by cross-currents. Mortgage rates climbed through the quarter, further pressuring housing affordability and construction activity at a moment when many had hoped for relief. Lumber prices, after their strong run earlier in the year, have moderated somewhat as building activity cooled, though Southern Yellow Pine continues to gain relative share against Canadian imports amid ongoing trade policy dynamics. Global macro volatility from continued effects from the Iranian conflict on energy and input costs remain a factor shaping our operational outlook.

Our geographically diversified portfolio spanning the U.S., Brazil, and Chile continues to provide resilience against these headwinds through diversification of market exposure. We hope you enjoy this quarter's stories about our people, markets and our firm.



Mike Cerchiaro,
President & CEO

TRANSACTIONS OVERVIEW

AGRI INVESTOR FORESTRY REPORT

2025 SUSTAINABILITY REPORT

PART 2 OF FIA'S 40TH ANNIVERSARY VIDEO SERIES

BOOTS ON THE GROUND

TEAM HIGHLIGHTS

FORESTRY MARKETS & RELATED DATA

U.S. Transactions Overview



CLOSED AND/OR ANNOUNCED TRANSACTIONS

- The headline transaction of the second quarter was a swap between Rayonier and RMS. RMS moved into the Pacific Northwest, acquiring 36,000 acres in Washington from Rayonier for $145 million. Rayonier purchased approximately 57,000 acres in Texas and Alabama from RMS for $146 million.
- JP Morgan Natural Capital (formerly Campbell Global) purchased approximately 30,000 acres in Louisiana from Molpus for an undisclosed price.

TRANSACTIONS IN PROGRESS

- Investors are waiting for details on multiple large-scale transactions that are expected to close before year-end. Includes over 700,000 acres across multiple investment regions.
- Meanwhile, new offerings of scale continue to hit the market, with several taking fourth quarter bids. Some of these transactions are likely to carry over into 2027.
- Several market offerings have received bids without transacting so far in 2026. This is the highest level of “no-sales” that we have seen since pre-COVID.

Ryan Reddish
Director, Acquisitions

International Transactions Overview

OCEANIA

- Nippon Paper Resources Australia began converting hardwood plantations to softwood in Australia’s Green Triangle region. They are targeting 1,500 hectares by 2028, with ACCU carbon credits expected by 2027.
- Claymark, New Zealand's largest pine processor, completed its takeover of Victoria's Tilling Group. This consolidates a distribution channel for its SmartFrame engineered wood products.
- Just after quarter-end, New Forests (with Allianz as minor co-investor) agreed to acquire AKD's entire plantation estate — 57 radiata pine properties, 13,000+ hectares — now under ACCC review.

LATIN AMERICA

- In Chile, CMPC's plans to divest Chilean/Argentine timberland gained urgency as Q2 net income fell to $9 million against leverage of 4.17x net debt/EBITDA. A winner for the Chilean divestment project is expected to be announced soon.
- Arauco's planned Chilean divestitures remain outstanding and bidders continue to make progress in the process.

GENERAL MARKETS

- New Zealand export log prices posted their mildest winter trough in four years, a constructive demand signal. Europe stayed quiet on transactions, though CapMan's Dasos Fund IV acquisition of a 6,500-hectare Finnish forest portfolio shows continued institutional appetite for Nordic forestland.
- Processing consolidation drove Australian activity while Chile remains the top source of anticipated forthcoming global supply. Europe and other major markets such as Brazil continue steady.

Juan Pablo Lankenau Haas
Managing Director, International Investment Team



Continuity and Change in Forest Investing. FIA President and CEO Mike Cerchiaro is featured in Agri Investor's Forestry Report.

This year, as FIA celebrates its 40th anniversary, President and CEO Mike Cerchiaro reflects how timberland investing has evolved and what has remained unchanged.

The conversation tracts four decades of change across institutional investment in sustainable forestry, from the drivers of a nascent asset class in the 80s to the modern-day emergence of natural capital, complimented by data-driven decision making. In parallel, Mike highlights how the core characteristics that have long attracted investors to timberland remain unchanged: biological growth, diversification, inflation protection, and sustainable long-term investment attributes.

The interview also covers the following topics:

- **The evolution of timberland investment strategies**
- **Market dynamics across the Americas**
- **Managing climate-related risks**

READ THE FULL INTERVIEW HERE



Sustainability Report

2025



At Forest Investment Associates, sustainability is built into the long-term management of the forests we steward. Many of the outcomes we see today began with decisions made years ago - a perspective that is especially fitting for a business measured in decades.

Our seventh annual Sustainability Report, A More Resilient Tomorrow, shares the progress, partnerships, and stories that shaped 2025 across the forests we manage in the United States, Brazil, and Chile.

This year's report highlights several important milestones, including independent limited assurance of biogenic carbon reporting for our Climate-Smart Forestry strategy; continued progress in forest certification across our U.S. and Brazilian portfolios; and conservation efforts that permanently protected more than 12,000 acres in Florida.

We also expanded our engagement across the industry and the communities where we work - from joining the International Sustainable Forestry Coalition and contributing to its Forestry Natural Capital Project, to supporting community initiatives in Chile and launching FIA's Growth Rings leadership program for our employees.

These efforts reflect a simple idea that has guided FIA for decades: responsible forest management requires patience, collaboration, and a willingness to keep improving.

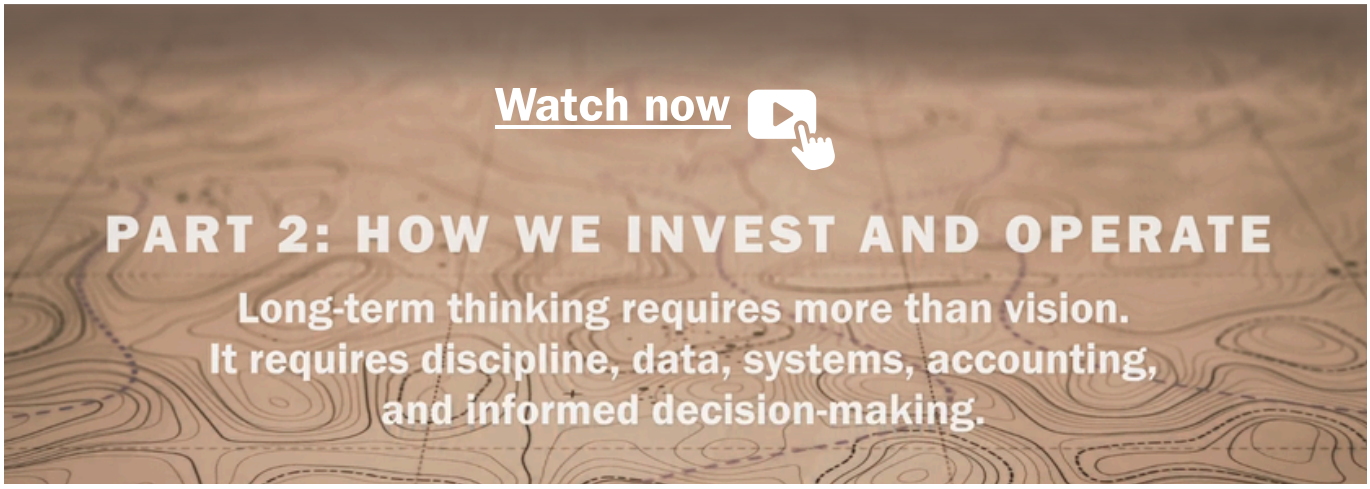
We invite you to explore the full report and learn more about how FIA is working to support resilient forests, communities, and long-term value for our clients.

READ THE FULL REPORT HERE

Watch Part 2 of FIA's 40th Anniversary Video Series

In Part 2 of FIA's 40th anniversary video series, team members take us behind the process of how FIA invest and operates. The video looks at the work that supports long-term timberland investing – from acquisitions and dispositions to diversification, data, IT systems, risk management, and client accounting.

Across these areas, one theme is consistent: decisions are guided by client objectives, asset quality, disciplined analysis, and clear communication. The team also discusses how FIA uses data and reporting to connect what is happening in the forest to align with targeted investment outcomes for our clients.



TEAM MEMBER SPOTLIGHT

Boots on the Ground

Jack Stover joined FIA in 2013 and has more than 26 years of forestry experience. As Director, U.S. Operations he works closely with FIA's regional forestry teams and specialists across the country, helping ensure that local expertise and hands-on forest management support each client's long-term objectives.



Q: Can you share about your role – how does your work contribute to the way FIA manages forestry assets and portfolios?

A: One of the things that I've always enjoyed about forestry is that no two properties are exactly alike. Every forest comes with its own unique history, growing conditions, markets, challenges, and opportunities. You really need to understand what's happening on the ground before you can make good long-term decisions.

That's where our regional foresters and specialized forestry teams really make a difference. Their local knowledge and expertise help us make thoughtful management decisions for each property, whether we're considering wildlife habitat, community needs, or the overall health and growth of a forest. My role is to connect that local knowledge to the bigger picture for our clients and make sure our teams have the resources and direction to carry out those decisions effectively.

For me, excellent forest management comes down to experienced people, local knowledge, collaboration, and taking care of the land in a way that creates long-term value.



FIA Team Highlights

Congratulations to our colleague Sean Bennett, Director, Wood Supply, Broad Arrow Timber Company (BATCO), on receiving the 2026 Presidential Field Forester Award for District 10 from the Society of American Foresters.

The award recognizes forestry professionals for excellence in practice, innovative approaches, and their commitment to helping forest landowners meet their objectives through thoughtful stewardship.

Sean's dedication to FIA clients' forest investments and the forestry profession has been on display each and every day of his 23+ years at the firm.

Disclaimer: *The 2026 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 on the Move:

3 months • 7 activities • Multiple states • Client & industry engagement

July, August, and September were busy months for FIA, with our team traveling to Europe and across the country to connect with clients and industry partners, participate in key events, and spend time in the field.

- **South Carolina** | FIA Team Site Visit
- **Louisiana & Texas** | Site Visit
- **Canopy 2026, Portland, Oregon (OR)** | IMT and BD Teams
- **Pacific Northwest, OR** | Team Site Visit
- **New York, NY** | Climate Week 2026 and IFSC meeting
- **Pacific Northwest, OR** | Client Site Visit
- **Munich, Germany** | Insurance Company Visit









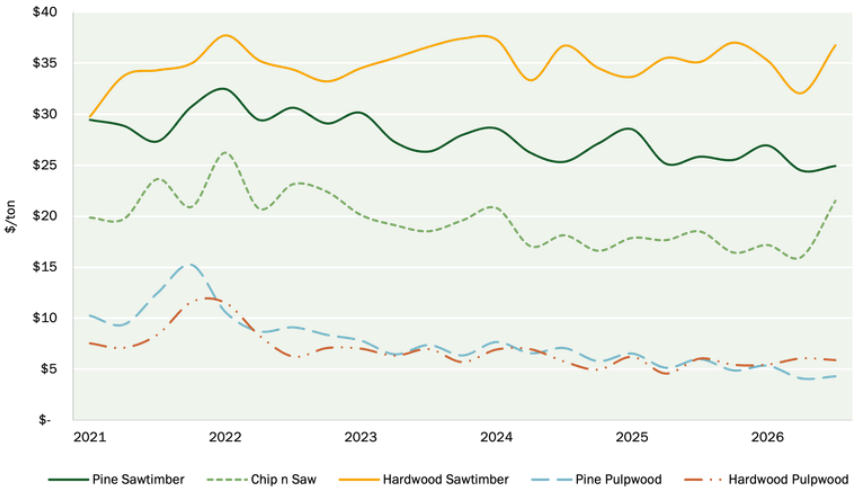


Forestry Markets & Related Data (U.S.)

Southeastern Timber Prices

SOUTHEASTERN - FOREST2MARKET REPORT HIGHLIGHTS (Q3 2026)

Forest2Market reports that stumpage pricing in the U.S. South strengthened throughout the quarter. Pine sawtimber rose 1.9% over the quarter but is down 3.5% year-over-year. Pine chip-n-saw prices are up 34.3% across the quarter and 16.2% year-over-year. Pine pulpwood prices increased 5.0% during the quarter but are down 28.1% from year-ago levels. Hardwood pulpwood fell 2.8% during the quarter and ended 2.5% below last year's level. Hardwood sawtimber rose 14.6% over the quarter and 4.7% year-over-year.

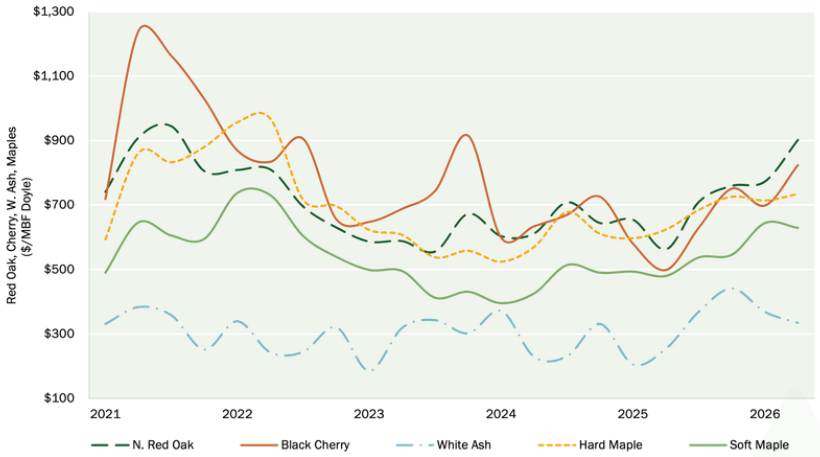


Source: Forest2Market®

Northeast Hardwood

NORTHEAST HARDWOOD - THE PENNSYLVANIA WOOD MARKET REPORT HIGHLIGHTS (Q2 2026)

Demand increased across key species in the Pennsylvania wood market. According to the Pennsylvania Woodlands Timber Market Report, black cherry ash prices rose 18.0% during the second quarter (the most recent publicly reported pricing) and remain 31.3% above year-ago levels. Northern red oak also experienced a strong quarter with a 16.7% increase quarter-over-quarter and is up over 60.0% from year-ago levels. Hard maple had a modest increase of 2.9% during the quarter and has seen a 17.7% increase year-over year. Both soft maple and white ash prices have fallen, by 2.4% and 9.2% respectively, during the quarter but are both up more than 31.0% year over year.

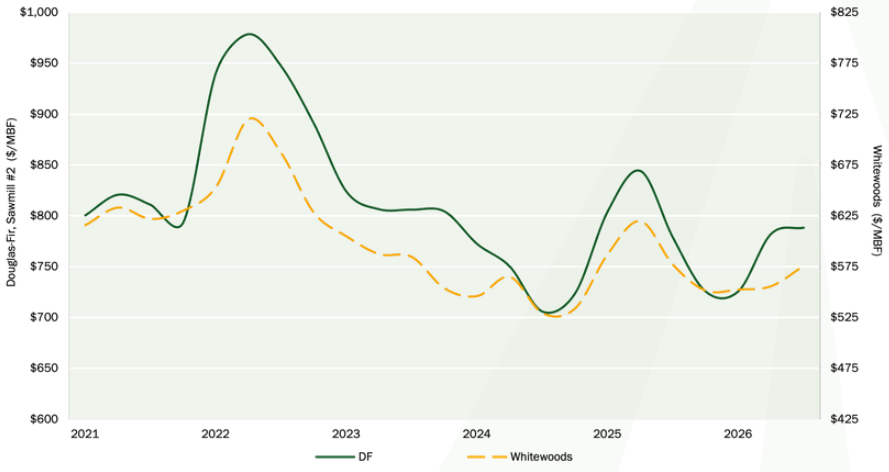


Source: Pennsylvania Woodlands Timber Market Report - Northwest Region

PNW Lumber Prices

PACIFIC NORTHWEST - REPORT HIGHLIGHTS (Q3 2026)

Pacific Northwest pricing experienced modest growth during the third quarter of 2026 and compared to year-ago prices. Log Lines® reported that average delivered prices for Douglas-fir #2 logs rose 0.8% quarter-over-quarter, while being up 1.3% year-over-year. Whitewoods (i.e., true firs and hemlock) average delivered log prices increased 3.6% during the quarter and are down 0.2% from year ago levels.

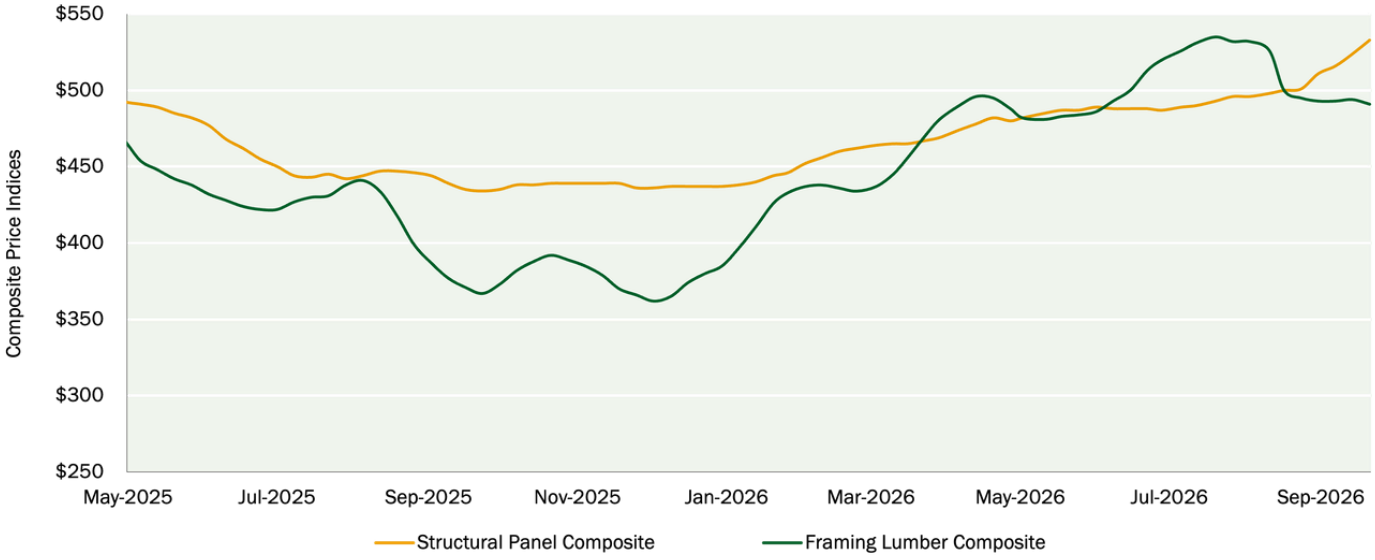


Source: Fastmarkets RISI - Log Lines®

Lumber and Panel Prices

RANDOM LENGTHS HISTORICAL INDICES (LUMBER & PANEL PRICES) - REPORT HIGHLIGHTS (Q3 2026)

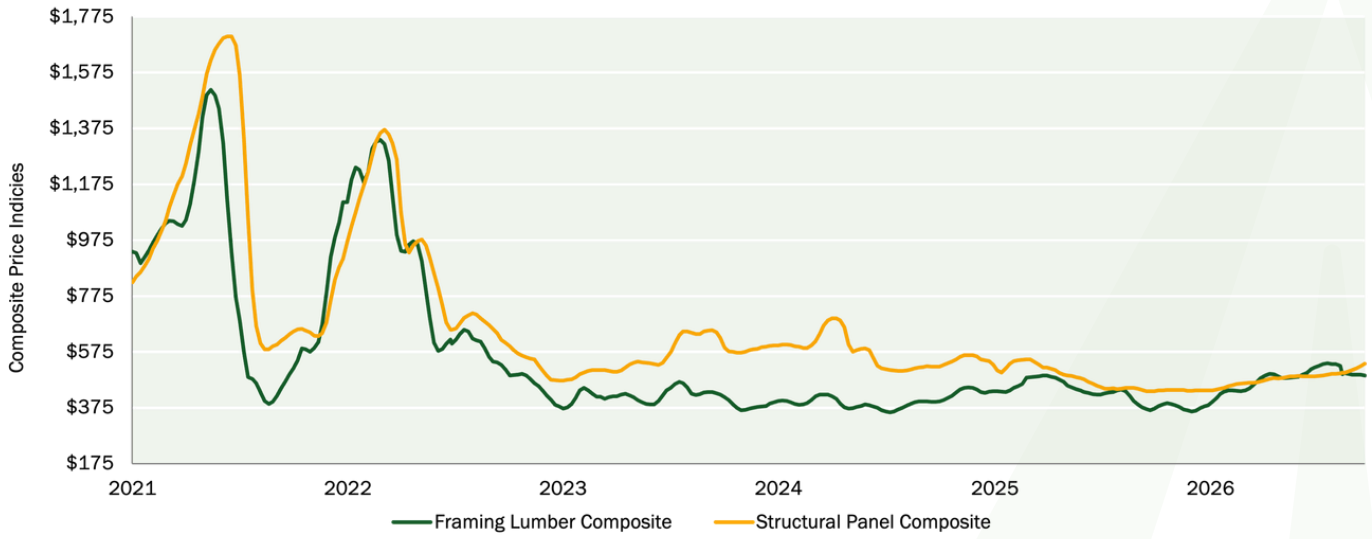
The Random Lengths® Framing Lumber Composite Price fell 4.3% during the first quarter, while remaining 33.8% above year-ago prices. Structural panel prices grew 9.2% during the quarter and finished 22.8% above September 2025 prices.



Source: Random Lengths ®

RANDOM LENGTHS HISTORICAL INDICES (LUMBER & PANEL PRICES) - REPORT HIGHLIGHTS (2021-2026)

Both the Framing Lumber Composite and Structural Panel Composite experienced extraordinary spikes in 2021–2022, peaking above $1,700 and $1,375, respectively, before correcting sharply. Since 2023, both indices have stabilized at more normalized levels, trending modestly upward toward approx. $475–$550 by Q3 2026, consistent with a slow and measured recovery.

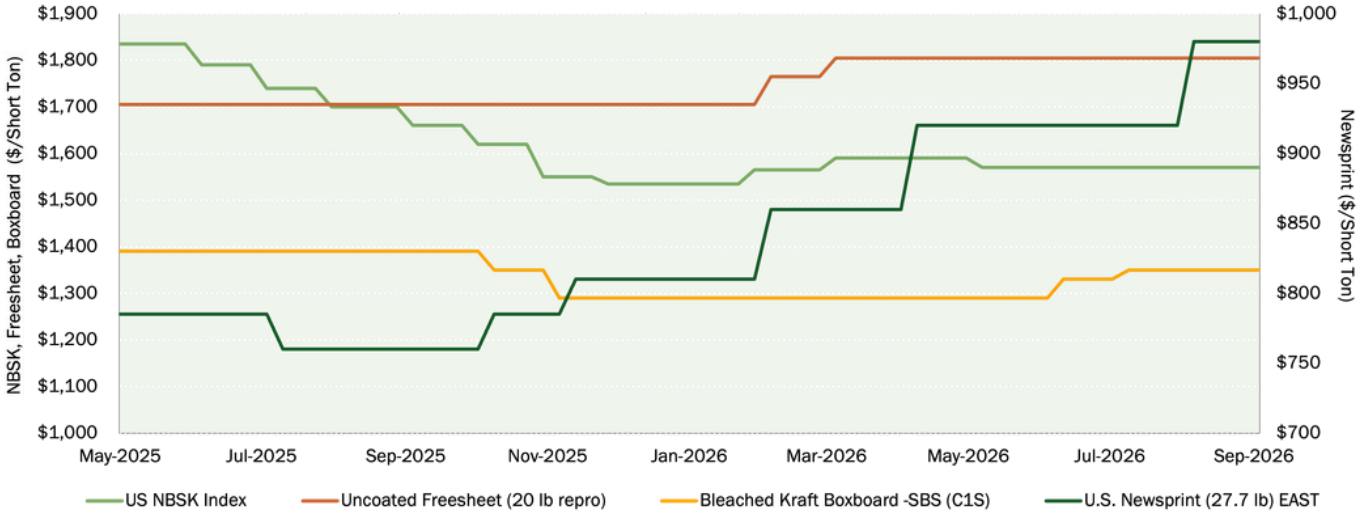


Source: Random Lengths ®

Pulp & Paper

PULP & PAPER - REPORT HIGHLIGHTS (Q3 2026)

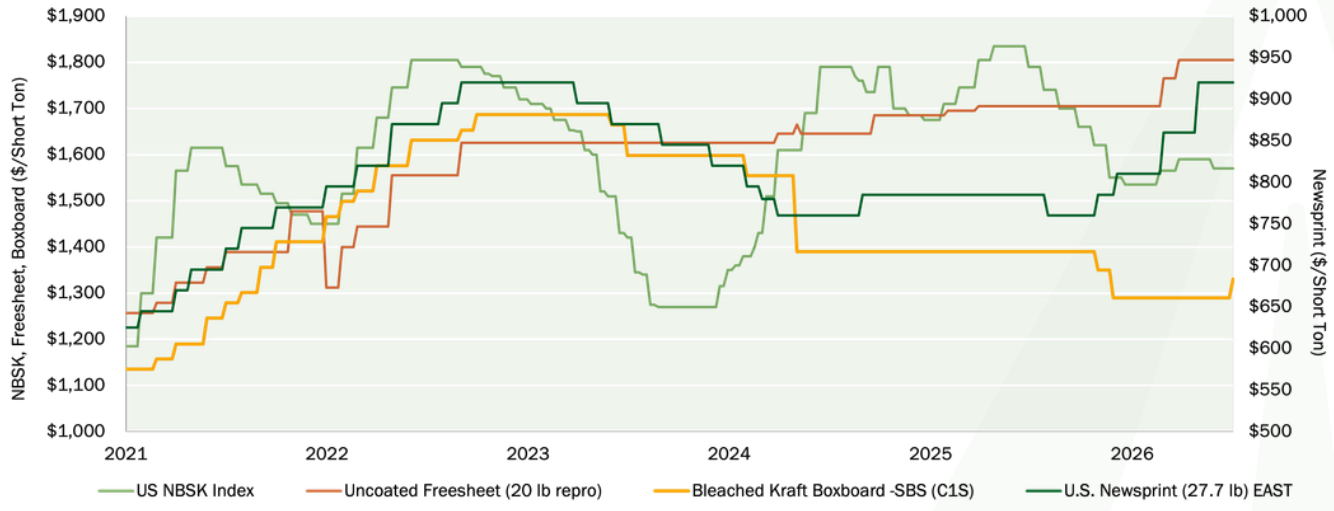
Demand for paper products remained relatively flat though the third quarter. The benchmark NBSK (northern bleached softwood kraft) pulp price index has held flat across the quarter and is down 5.4% across the past year. US newsprint (27.7 lb.) prices rose 6.5% over the quarter and is up 28.9% year-over-year. Boxboard prices also grew 4.7% during the quarter though are down 2.9% from year-ago levels. Freesheet prices have held steady across the quarter and are up 5.9% over September 2025 prices.



Source: Fastmarkets RISI - Graphic Paper North America Dashboard

PULP & PAPER - REPORT HIGHLIGHTS (2021-2026)

Pulp and paper markets experienced a sharp correction followed by a strong recovery through this 5-year period. US NBSK has experienced volatility on near yearly cycles, ranging from ~$1,200/ton to $1,800/ton between January 2021 to July 2022. US NBSK prices have remained relatively flat for the last 12 months, oscillating between $1,535/ ton and $1,660/ton. Newsprint prices are currently at record highs of $980/ton at the end of 3Q26. Newsprint prices have a three year ago high of $920/ton and have ranged as low as $625/ton at the beginning of the period. Uncoated freesheet has ranged $548/ton throughout the five-year period while maintaining a high of $1,805/ton for the second and third quarter of 2026. Bleached Kraft Boxboard remains a weak performer in pulp and paper, sliding from $1,625/ton in 4Q22 and 1Q23 to a trough near $1,300/ton and holding in the $1,300–$1,350 range through the end of the period, reflecting continued structural softness in commodity packaging grades. The sharp 2026 rally signals improving market sentiment and demand recovery across specialty grades, while packaging board continues to face headwinds from weak corrugated box demand.



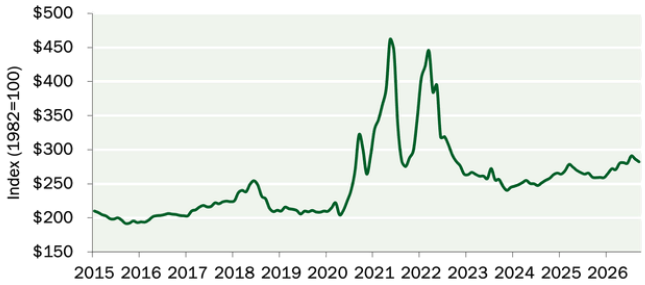
Source: Fastmarkets RISI - Graphic Paper North America Dashboard

Forestry Markets & Related Data (U.S.)

U.S. QUARTERLY DASHBOARD (Q3 2026)

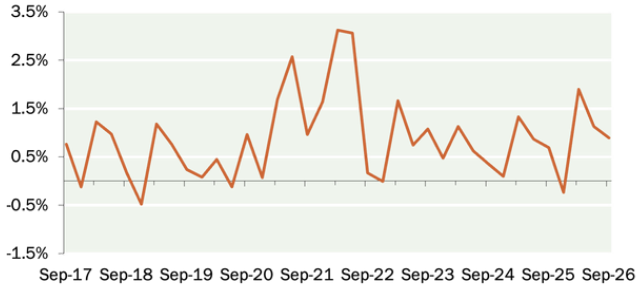
- The U.S. macroeconomic backdrop reflects an economy that has navigated post-pandemic volatility and is now trending toward stabilization, though key headwinds in housing persist. GDP has expanded steadily to reach $33.0 trillion across the third quarter. GDP has grown 5.1% from year-ago levels.
- The consumer price index increased 0.9% across the third quarter, putting the annual inflation rate at 3.7%. Excluding food and energy, core CPI came in at 0.7% for the quarter and 2.6% year-over-year.
- Housing starts were at an adjusted annual rate of 1.221 million in September, their lowest level since May. This marks a 5.2% decrease from August and a 7.4% decline compared to a year prior. Total housing unit permits also slipped, falling 0.4% from August to 1.398 million in September, their lowest level since June and 3.2% below a year earlier.
- Lumber prices (Lumber CPI Index, 1982=100) registered 282.3 in September, down 1.4% from August after peaking at 291.0 in July. Lumber prices rose 0.8% across the third quarter and are 8.7% higher than a year prior.
- After peaking near 7.5% in mid-2023, mortgage rates have moderated to approximately 6.8–7.0% by Q3 2026, reflecting recent Fed easing and stabilized expectations.

Lumber



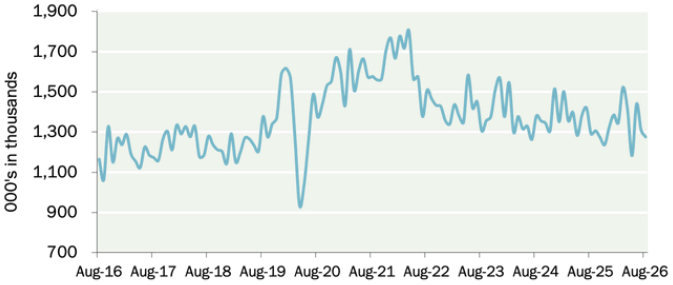
Source: U.S. Department of Labor, Bureau of Labor Statistics

Inflation - Quarterly CPI



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

Housing Starts



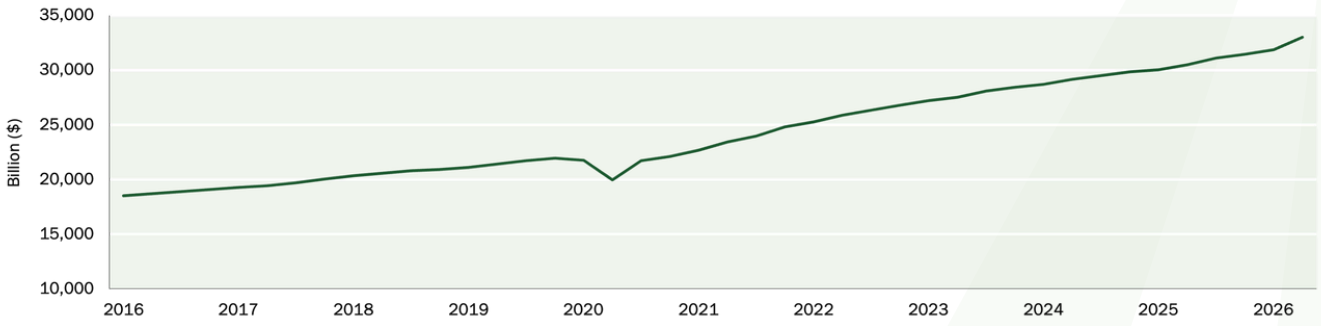
Source: Federal Reserve Economic Data

30-Year Mortgage Rates



Source: The Federal Reserve

U.S. GDP (USD, Billion)



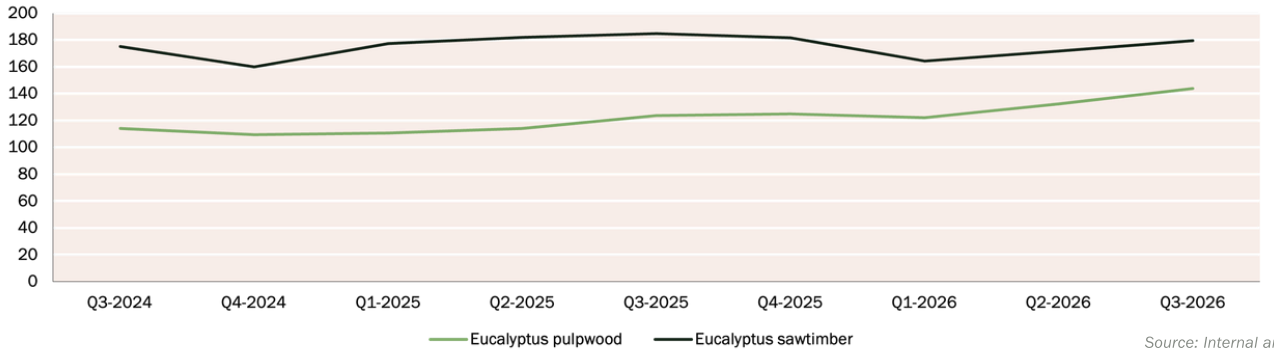
Source: The Federal Reserve

Forestry Markets & Related Data (Brazil)

BRAZIL PRICES - REPORT HIGHLIGHTS (Q3 2026)

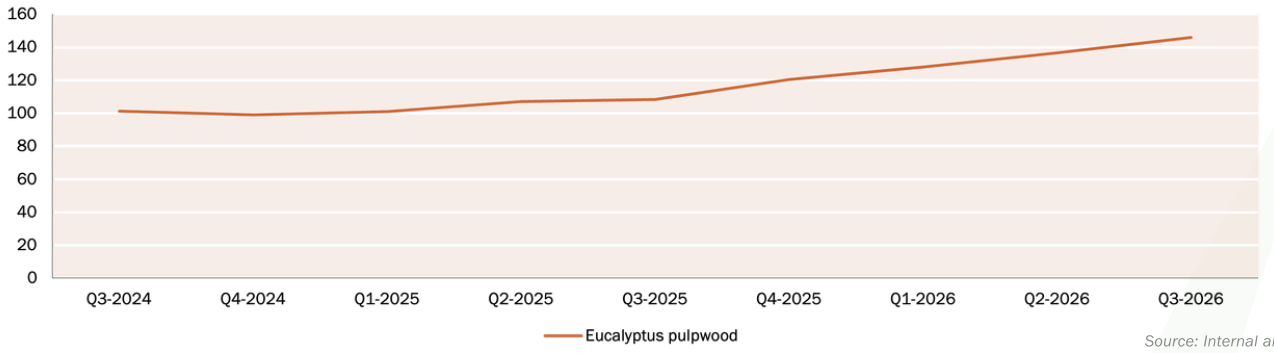
- Eucalyptus – Paraná State Eucalyptus prices showed modest positive momentum through Q3 2026. Sawtimber ranged R$160–185/m³, while pulpwood climbed from R$114/m³ (Q3 2024) to R$144/m³, reflecting sustained fiber demand. Both sawlog and pulpwood posted upward trends.
- Eucalyptus – Mato Grosso do Sul Pulpwood prices surged 44% from R$101/m³ (Q3 2024) to R$146/m³ (Q3 2026), driven by robust regional fiber demand and expanding pulp capacity. Weighted average prices continued upward as newer contracts at higher prices displaced older inflation-linked agreements.
- Pine – Paraná State Pine prices remained broadly stable with clear grade stratification: Sawtimber III at R$370/m³, Sawtimber II at R$266/m³, Sawtimber I at R$205/m³, and Pine Pulp at R$113/m³. Most grades edged modestly higher, reflecting steady but measured demand across all pine categories.

Eucalyptus Prices in Paraná (R$/m³)



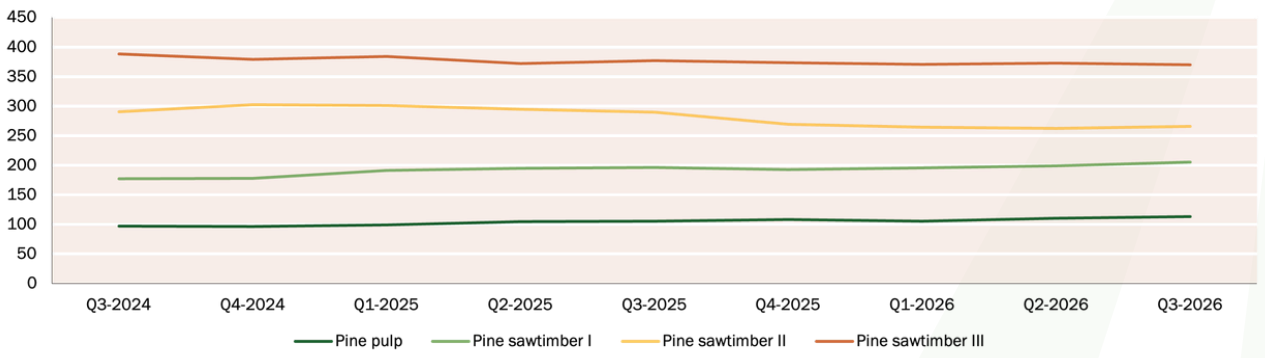
Source: Internal analysis

Eucalyptus Pulpwood in Mato Grosso do Sul (R$/m³)



Source: Internal analysis

Pine Prices in Paraná (R$/m³)



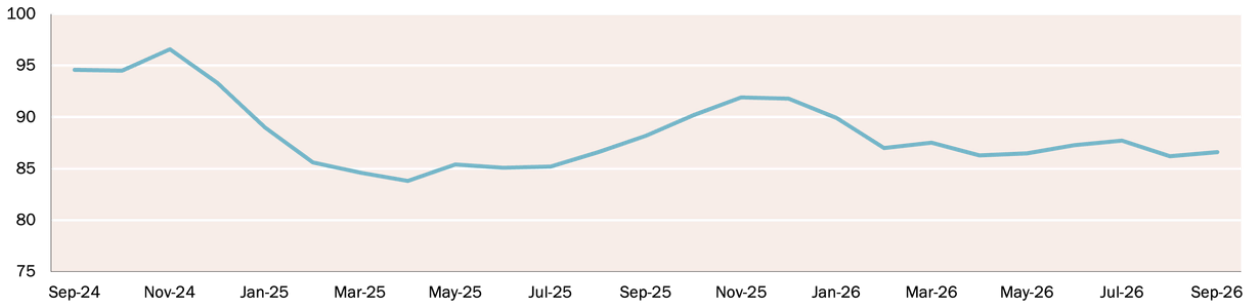
Source: Internal analysis

Forestry Markets & Related Data (Brazil)

BRAZIL QUARTERLY DASHBOARD (Q3 2026)

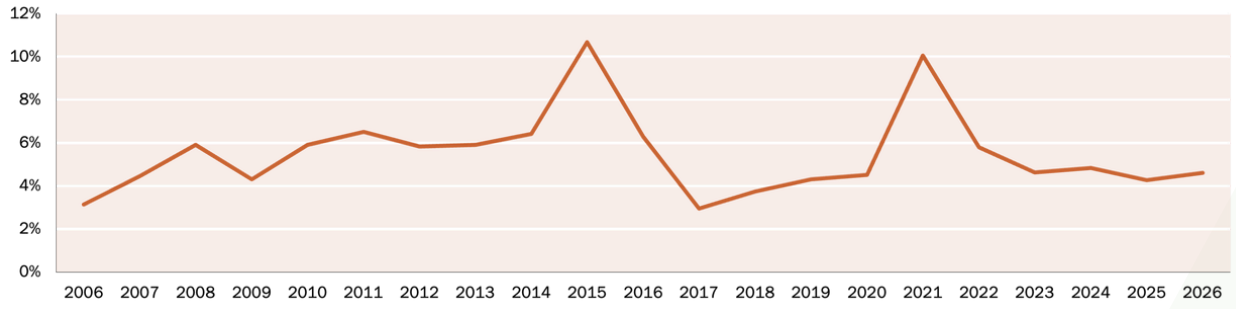
- Brazilian consumer confidence declined from a high of roughly 93–94 in December 2024 to a trough of around 84 by April 2025, before recovering to near 92 by December 2025. By Q3 2026, sentiment has eased back to around 87, reflecting cautious but stable household confidence amid moderating inflation and steady growth.
- Inflation declined significantly through monetary tightening, settling in the 4.5–5% range from 2023 through 2025. While still slightly above Brazil's official target band, the current trajectory signals a broadly more controlled price environment.
- Brazilian GDP contracted sharply to around $1,500B in 2020 from a pre-pandemic range of $1,800–2,050B, but recovered robustly through 2021–2025, reaching $2,350B by 2025, supported by strong export performance, commodity tailwinds, and resilient domestic consumption.

Brazilian Consumer Confidence Index



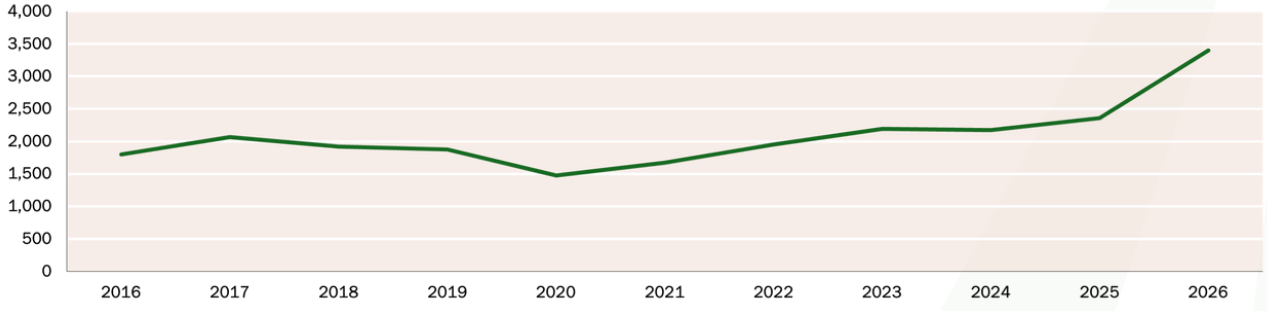
Source: Federação do Comércio do Estado de São Paulo (Fecomercio SP)

Brazilian Annual Inflation (% py)



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

Brazilian GDP (USD, Billion)



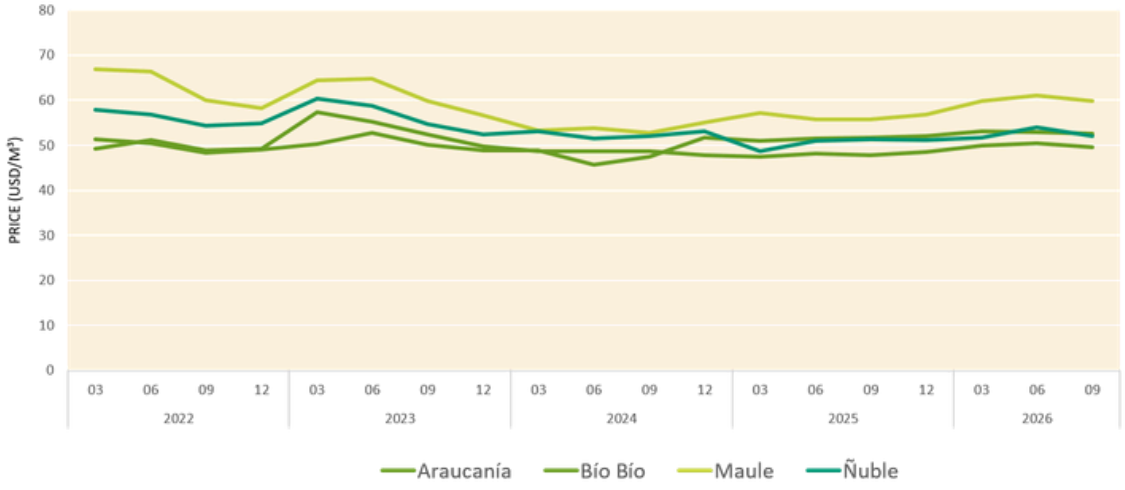
Source: Fundo Monetário Internacional, World Economic Outlook database, www.Agenciadenoticias.ibge.gov.br

Forestry Markets & Related Data (Chile)

CHILE PRICES - REPORT HIGHLIGHTS (Q3 2026)

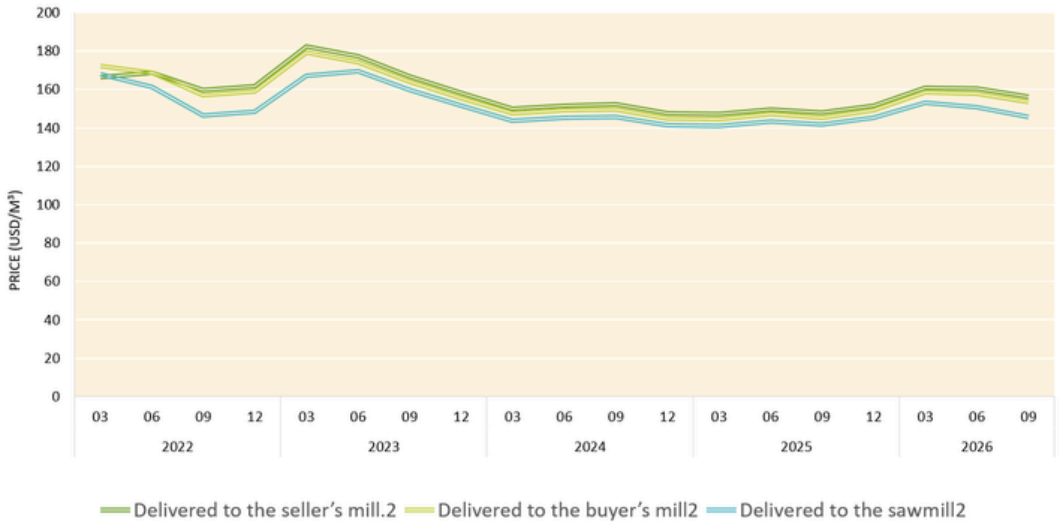
- Chilean saw log prices showed modest regional variation during Q3 2026, with most markets remaining relatively stable. Maule continued to record the highest prices at $59.88/m³, followed by Araucanía at $52.58/m³, Ñuble at $52.00/m³, and Biobío at $49.57/m³. Compared with Q2 2026, prices declined slightly across all four regions, following earlier gains during the first half of the year. Overall, the data suggests a relatively balanced pricing environment, with regional differences persisting but limited quarterly volatility.
- Sawn timber prices in Chile's Biobío region remained relatively stable through Q3 2026, following a modest recovery earlier in the year. Average prices across delivery categories declined slightly from Q2, with timber delivered to the seller's mill decreasing from $160.37/m³ to $156.12/m³, while prices delivered to the buyer's mill fell from $157.68/m³ to $153.52/m³. Prices delivered to the sawmill decreased from $150.94/m³ to $145.72/m³. Despite these quarterly declines, prices remained above Q3 2025 levels, indicating year-over-year improvement amid relatively stable market conditions.

Chile – Saw log – Regional Comparison (USD/m³)



Source: Internal analysis

Chile – Sawn timber – Biobío Region (USD/m³)



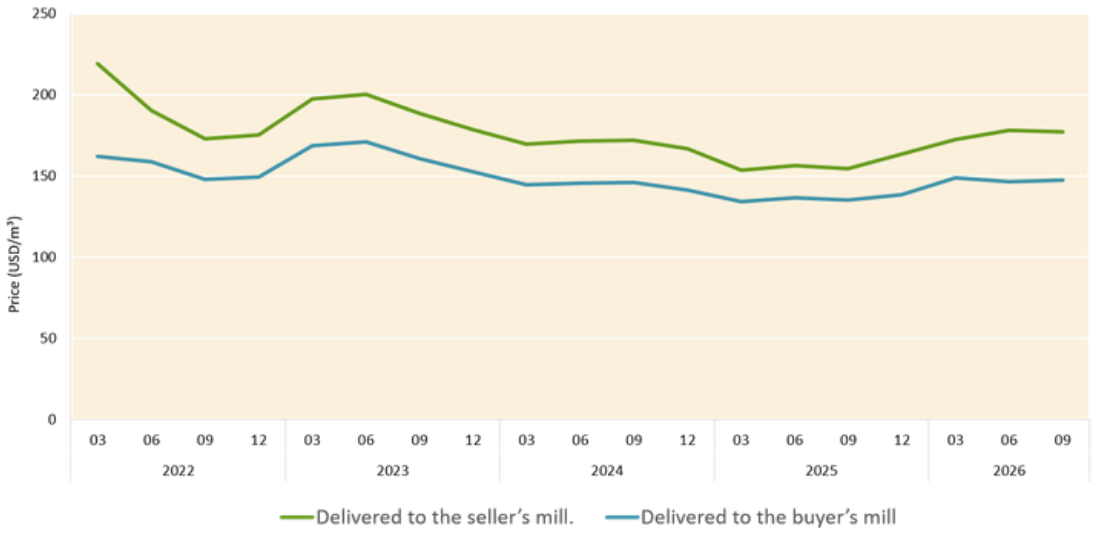
Source: Internal analysis

Forestry Markets & Related Data (Chile)

CHILE PRICES - REPORT HIGHLIGHTS (Q3 2026)

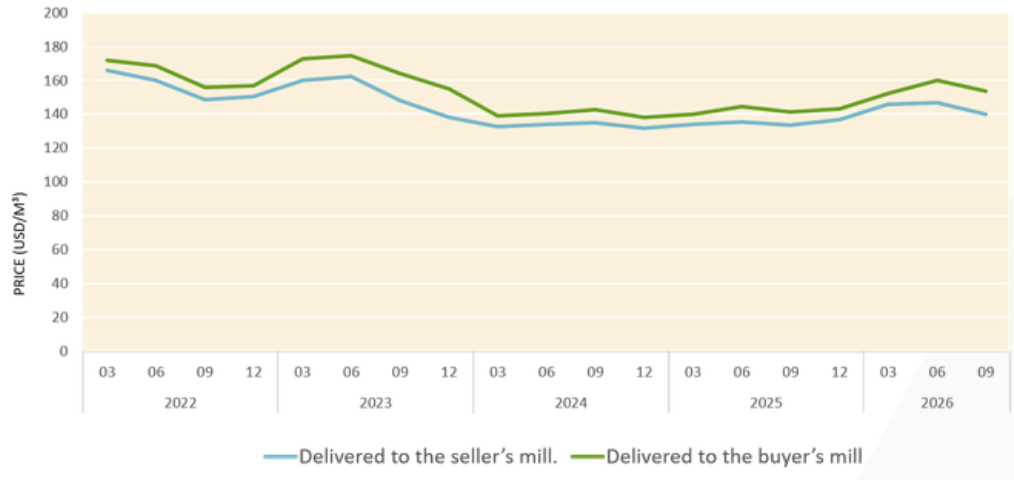
- Sawn timber prices in Chile's Araucanía region remained relatively stable during Q3 2026, following gains earlier in the year. Average prices for timber delivered to the seller's mill decreased slightly from $177.89/m³ in Q2 to $176.94/m³ in Q3, while prices delivered to the buyer's mill increased from $146.45/m³ to $147.45/m³. The overall average reached $162.20/m³, representing a modest quarterly increase and an improvement of approximately 12% compared with Q3 2025. These trends indicate a recovery in regional sawn timber prices compared with the previous year, despite limited movement during the quarter.
- Sawn timber prices across Chile's Ñuble and Maule regions moderated during Q3 2026 following increases in the first half of the year. Average prices for timber delivered to the seller's mill declined from $146.67/m³ in Q2 to $139.87/m³ in Q3, while prices delivered to the buyer's mill decreased from $159.96/m³ to $153.56/m³. The overall average fell to $147.33/m³, approximately 4.3% below the previous quarter. Despite this decline, prices remained approximately 7% above Q3 2025 levels, reflecting a year-over-year improvement following relatively stable market conditions throughout 2024 and 2025.

Chile – Sawn timber – Araucanía Region (USD/m³)



Source: Internal analysis

Chile – Sawn timber – Ñuble and Maule Regions (USD/m³)



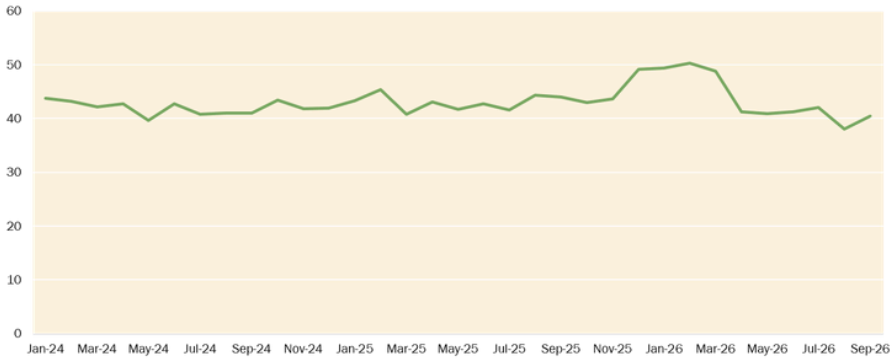
Source: Internal analysis

Forestry Markets & Related Data (Chile)

CHILE QUARTERLY DASHBOARD (Q3 2026)

- Chilean consumer confidence spiked to 50 in October 2025 - the highest level in the period, before retreating to the 40–42 range by September 2026. The recent moderation suggests consumers remain cautiously optimistic but wary of persistent inflation concerns and employment uncertainty, reflecting a fragile confidence backdrop.
- Chilean inflation experienced a sharp decline from its October 2022 peak of 13.5%, falling steadily through 2023–2024 to settle in the 4–5% range by mid-2026. The sustained disinflation reflects successful monetary policy tightening and stabilizing commodity prices, bringing inflation closer to the central bank's target band and supporting improved purchasing power dynamics.
- Chilean GDP growth remained resilient through 2025–2026, with the activity index hovering around 110–115 and showing modest quarter-to-quarter volatility. The steady expansion reflects a mixed economic backdrop—supported by forestry and natural resource sectors, though tempered by global demand softness and domestic policy uncertainty.

Chile Consumer Confidence Index



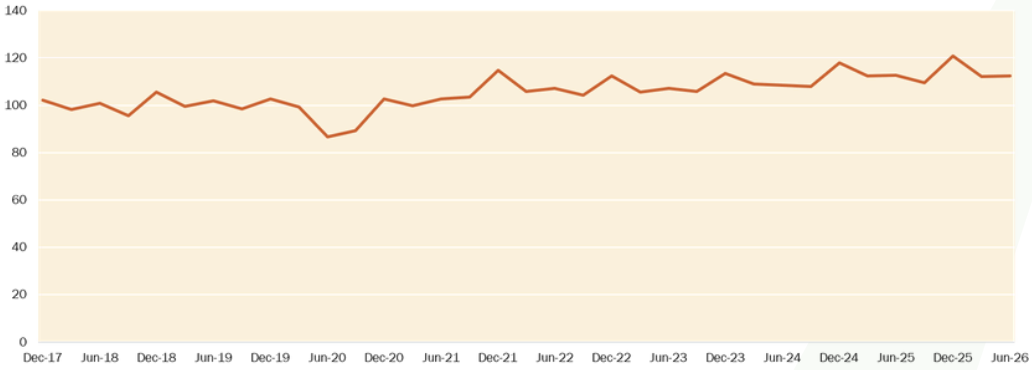
Source: IPSOS

Chile Annual Inflation (CPI, % year-on-year)



Source: Statistics Database (BDE)

Chile Real GDP Proxy - IMACEC (Index, 2018 = 100*)



Source: Statistical Database (BDE)



Disclaimer: *Certain information contained in these materials has been obtained from third-party sources. While such information is believed to be reliable for the purposes used herein, FIA makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein. This does not constitute an offering of any investment or an inducement to participate in any investment or investment advice. Past performance does not guarantee future performance. FIA is a Registered Investment Adviser with the Securities and Exchange Commission in the United States.*

FOREST INVESTMENT ASSOCIATES®

+1 (404) 829-8842
15 Piedmont Center, Suite 1250
Atlanta, GA 30305
www.forestinvest.com