

LOOKING BACK & AHEAD

TIMBERLAND INVESTMENT RESOURCES

VOLUME XII, SPRING 2022



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TIR produces this publication for investors and friends in the first quarter of each year. Its purpose is to share our views on the timberland investment sector and to provide insight on how we operate as a firm.



Looking Back & Ahead

March 2022

Dear Friends of TIR:

Each year we produce and distribute this publication to share our views on the markets as well the context within which we are operating as a timberland investment management organization. We also use it to provide our clients, partners and friends with a perspective on where our business has been over the prior 12 to 18 months and where we see it going in the months to come.

In 2021, like every organization, we continued to navigate the challenges posed by the global pandemic, but I am pleased to report that despite the obstacles, TIR had a very successful and productive year. Among other things, our investment performance was strong, buoyed by a resurgent market for high-value sawtimber – a consequence of growing demand in the home-building sector. We also increased our assets under management with the closing of two commingled funds, which attracted substantial amounts of capital from established and new clients based in the United States and across the globe. In addition, we successfully launched our first sawmill investment opportunity in Corinth, Mississippi and look forward to the facility coming online later this year. This initiative is a natural extension of our core investment strategy, which focuses on identifying and capitalizing on market inefficiencies and dislocations in the timberland investment market and related sectors. Finally, we built on progress we made in 2020 to solidify our approach to Environmental, Social and Governance engagement by bringing on Justin Fier to lead our effort as Managing Director and Head of Impact Strategy.



Also in 2021, we said goodbye to Steve Jack, our former Managing Director of Forest Management, who retired after a long and successful career with both Plum Creek Timber and TIR. We wish Steve well in retirement and thank him for his contributions to our firm. Although we will miss Steve, we also were pleased to promote his replacement, Cory Dukes, from within. Cory assumed the role in September 2021 after serving as our Eastern Region Senior Investment Forester for several years and he is among the new generation of leaders who are rising through the ranks of our firm. His promotion is a strong indication that the future is bright for TIR and its clients.

As I look forward to this year and beyond, I am hopeful and optimistic that the momentum we generated last year will continue and even accelerate. This publication includes stories that provide additional insight into the matters just referenced, and I hope you enjoy reading them.

As always, thanks for your time and attention and for your interest in TIR.

Best Regards,

Mark Seaman

*President and Chief Investment Officer
Timberland Investment Resources, LLC*



Timber Market Highlights

Looking Back at 2021 and Forward to 2022 and Beyond

By Chung-Hong Fu, Ph.D., Managing Director of Economic Research

If 2020 was a year characterized by disruption due to the onset of the Covid-19 pandemic, 2021 is best described as a year of recovery for the forest-products sector.

Timber harvests and the production of wood products, like lumber, panels and pulp, have largely recovered to pre-pandemic levels. However, this recovery has not been without market volatility as supply-chain challenges have created uncertainty and imbalances. To make better sense of these market forces, we have highlighted three trends that have affected the forest investment landscape during the past year, and three others that we believe bear monitoring in the year to come and beyond.

Looking Back at 2021

#1 Housing Remained Resilient Amid Covid-19

The housing market demonstrated significant resilience in the face of the pandemic in 2021. In fact, it outperformed the expectations of many economists – with housing starts reaching 1.6 million (single and multi-family units). This represented a 14-percent increase over the previous year and was a 15-year high.

In 2020, housing data indicated that the pandemic led many to move out of apartments and into detached homes in the suburbs and this trend only gained momentum in 2021. Furthermore, historically low mortgage rates, combined with increases in household incomes, allowed more people to take the leap and purchase homes. Total sales of existing homes for the year hit 5.43 million, a 6.9-percent increase over 2020. However, supplies of homes available for purchase could not keep pace

with the heavy demand. By December, the number of existing homes available for purchase in the U.S. was equivalent to 1.8 months of average sales. This was a clear indication that conditions were tight because a six-month inventory is considered normal and reflective of a balanced market. With more prospective buyers facing challenges to find homes, there was a spillover effect with demand for newly built homes also rising dramatically. Home builders responded by initiating construction on 1.12 million single-family homes in 2021. This was the highest rate of new home construction observed in the U.S. since 2006, the year before the onset of the Global Financial Crisis.

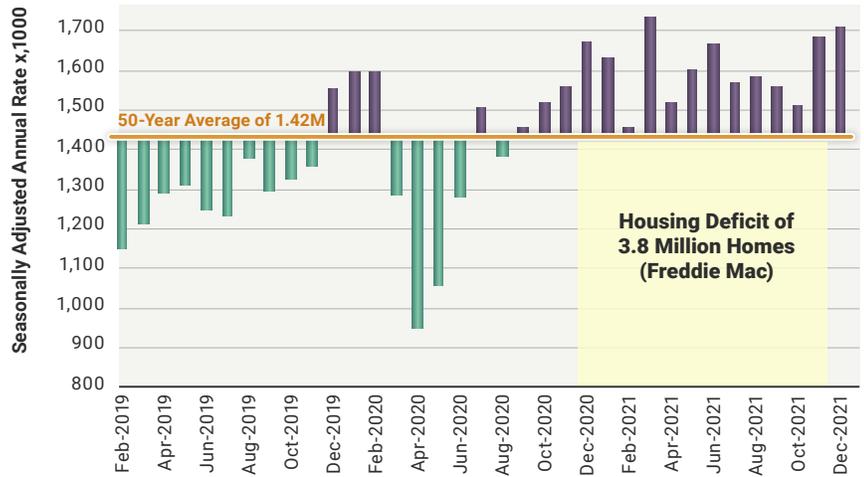
Underlying demographic and economic forces suggest that the momentum in residential construction is sustainable through 2022 and beyond. Millennials (those born between 1981 and 1996) are the largest generation in U.S. history, and many have entered the key age bracket of 25-35 years-old, which is when most people purchase their first homes. In addition, a decade and a half of underbuilding following the Global Financial Crisis of 2007 has generated a housing deficit that needs to be filled through an extended cycle of above-average home building. Freddie Mac believes the pent-up demand is as large as 3.8 million homes¹.

#2 Supply Disruptions Stressed Lumber Markets

High rates of home construction led to increasing demand for lumber, which pushed lumber prices upward. However, the extreme swings in pricing throughout the year were indicative of supply-chain challenges as much as they were strong demand for housing (see Figure 2).

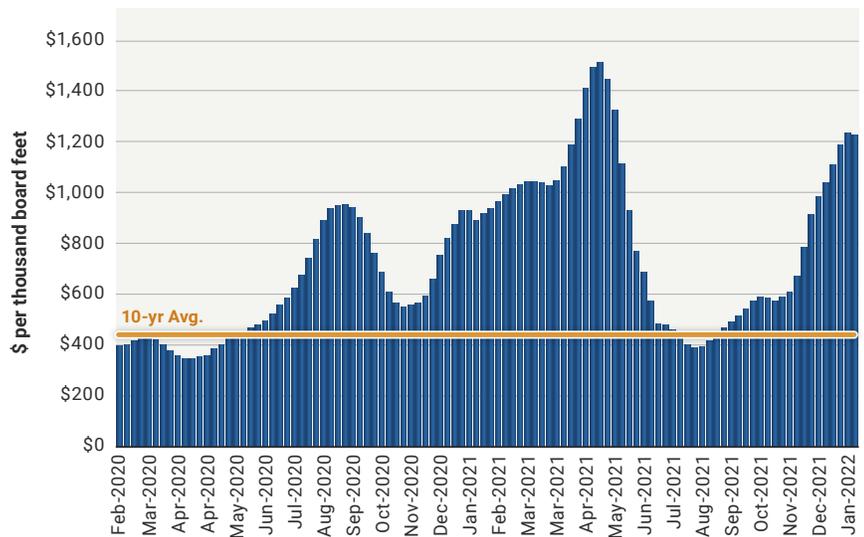
Volatility was the norm for lumber markets in 2021. Lumber prices, as measured by Random Lengths Framing Lumber Composite Price Index, reached an all-time high of \$1,514 per thousand board feet in mid-May of 2021. That was more than triple the average price of lumber over the past decade. Then prices experienced a rapid correction during the third quarter, hitting a low of \$389 in late August. In the fourth quarter, prices recovered strongly, moving again above \$1,000 per thousand board feet. Since then, prices have continued to climb through the early weeks of 2022.

FIGURE 1 - U.S. Housing Starts Above or Below the 50-Year Average



Source: US Census Bureau

FIGURE 2 - Random Lengths Framing Lumber Composite Price



Source: Random Lengths

¹ Freddie Mac: "One of the Most Important Challenges Our Industry Will Face: The Significant Shortage of Starter Homes." (April 15, 2021)

These extraordinary peaks in lumber pricing were the result of supply disruptions that were caused by taut market conditions. The first disruption came from the wildfires that ravaged large parts of western Canada and the U.S. Pacific Northwest during the spring and summer months of 2021. British Columbia, which supplies half of all Canadian lumber exports to the United States, suffered one of the worst fire seasons in history, with 2.1 million acres having burned. On the U.S. side of the border, Washington and Oregon experienced wildfires that burned 1.5 million and 0.8 million acres respectively. These fires disrupted logging, and several mills had to curtail production as a result. Then, in the fall, British Columbia experienced severe rains, which caused extensive flooding. This inhibited rail and truck shipments of lumber from the province to their U.S. destinations. Domestic producers of lumber also faced difficulties delivering sufficient product to the market as mills experienced heavy absenteeism due to the rapid spread of the omicron variant of the coronavirus. For instance, representatives of Canfor Corp. (CFP) reported during the company's fourth-quarter analysts' meeting that its mills in the U.S. South had faced absenteeism rates of nearly 25 percent due to omicron. They said this resulted in production losses of between five and 15 percent. In addition, the limited availability of truckers hampered the ability of some mills to fulfill the orders of their customers. These factors combined to create a second surge in lumber prices during the final months of 2021.

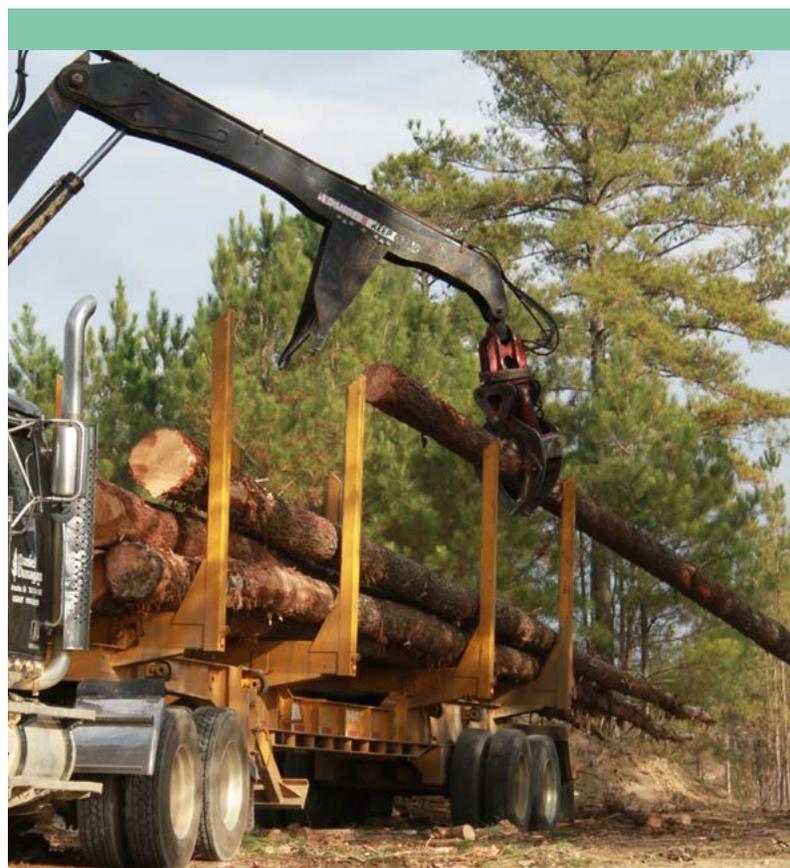
Although shipping bottlenecks created by the flooding in British Columbia have been resolved, as of January 2022, the governments of Canada and the United States have mandated proof of Covid-19 vaccination by truck drivers crossing the U.S.-Canada border. This requirement could further disrupt imports of Canadian lumber into the U.S. as the year progresses. Consequently, lumber prices are expected to remain volatile but above historic averages throughout 2022.

#3 Timber Markets in the U.S. South Have Turned the Corner

For much of the past decade, timber prices in the U.S. South have underperformed relative to those in the U.S. Pacific Northwest. Since hitting a low of \$22.59 a ton in the third quarter of 2011 (as tracked by Timber Mart-South), the average price for pine sawtimber in the South only increased to \$24.07 during the first quarter of 2020, which is when the coronavirus pandemic began sweeping through North America. That meant sawtimber prices in the South only gained seven percent over a period of eight and a half years. In contrast, Douglas fir, a bellwether species in the Pacific Northwest, saw its average price increase by 33 percent over that same period (according to RISI). The Pacific

Northwest benefited from better pricing because of the tight balance between the available timber inventory and demand for logs among mills in the region. Strong exports to Asian markets, especially China, were another factor. The South, on the other hand, faced a growing surplus of timber as biological growth in the region outpaced the consumption rates of southern mills. This created an "inventory overhang" of timber that helped depress prices for the region following the U.S. housing market collapse in 2007.

In 2021, these dynamics shifted as the U.S. South and Pacific Northwest switched market leadership positions. Wood markets in the South have now gained pricing power while those in the Pacific Northwest have largely languished. In the last quarter of 2021, South-wide prices for pine sawtimber (logs greater than 12 inches in diameter) were up 10.0 percent on a year-over-year basis according to Timber Mart-South. Price movements in the smaller log grades were even more impressive. Prices for pine chip-n-saw (logs eight to 12 inches in diameter) increased 23.1 percent, and those for pine pulpwood (logs less than eight inches in diameter) increased 24.1 percent for the year. According to year-end data from RISI, this contrasted with price movements in the Pacific Northwest, where Douglas fir prices only increased 1.1 percent and those for white woods (e.g., spruce) rose just 1.3 percent.





There are a couple of reasons for the switch in market momentum between the two, primary U.S. softwood producing regions. The South has received significant investments in sawmills over the past five years. About five billion board feet of lumber capacity has been added in the region since 2016. This has given the South the capacity to produce 26 percent more lumber. When lumber prices surged last year, southern mills

Going forward, we believe that the South is well positioned to capture a greater share of the lumber market from the U.S. Pacific Northwest and Canada, which could have a positive effect on log prices for many micro-markets across the region.

where able to leverage this added capacity to raise output. This, in turn, generated greater demand for logs, which led to higher prices. The mill infrastructure in the Pacific Northwest, by comparison, has received little in the way of capital investment in recent years. Meanwhile, log exports from the region have fallen as China – a key export market of U.S. logs – experienced

a weakening real estate sector. Going forward, we believe that the U.S. South is well positioned to capture a greater share of the lumber market from the U.S. Pacific Northwest and Canada, which could have a positive effect on log prices for many micro-markets across the region.

Looking Ahead to 2022 and Beyond

Beyond the impact the war between Russia and Ukraine will have on the global economy, in general, TIR sees three themes influencing global wood markets in 2022 and perhaps beyond.

#1 China's Wood Import Appetite Slows

China's rapid economic growth during the last three decades has made it the world's leading importer of logs and lumber. Roughly two-thirds of the global trade of sawlogs, and one-third of the global trade of lumber, ends up in China. It was

China's healthy appetite for logs and lumber from the U.S. Pacific Northwest that contributed to the strong recovery in log prices in the region following the Global Financial Crisis.

However, an economic transformation has occurred since the pandemic – one that will limit China's need for wood imports in the future. The country's real estate sector has experienced a major market correction, as headlined by the default of its top developer, Evergrande. A debt crisis in the Chinese real estate sector, combined with reduced demand for housing by Chinese consumers, means less wood is needed for construction and furniture. While the construction industry in China will eventually return to a healthy level, China's economic model has been shifting towards a more balanced-growth paradigm. This paradigm emphasizes more consumer spending and less investment in infrastructure, which, in turn, is lessening China's need for wood imports.

Last year, the Pacific Northwest exported an estimated 0.73 billion board feet of logs – and most of this volume was shipped to China. This was less than half the volume exported to China in the peak year of 2013, when 1.81 billion board feet were sold to Chinese buyers. We do not see these export volumes rising higher than those attained in 2021 over the next few years. Unlike in the past, timberland owners in the Pacific Northwest may not be able to rely on the Chinese export market to bolster demand for timber if the U.S. domestic market falters.

#2 Higher Mortgage Rates a Growing Risk Factor

For the first time since the onset of the pandemic, the United States Federal Reserve began to raise short-term interest rates on March 16, 2022 and curtail its bond-buying program, which includes mortgage-backed bonds. These measures are expected to dampen the inflation pressures that are currently affecting the U.S. economy. Some economists estimate the Federal Funds Rate could go up by 100 basis points, or more, before 2022 is over. Regardless of how the Fed constricts its monetary policy, the likely effect will be higher mortgage rates.

In anticipation of future Fed tightening and rising yields on 10-year Treasury bonds, rates for 30-year fixed-rate mortgages

averaged 3.55 percent in the final week of January 2022. This represented an increase of 82 basis points over the 2.73-percent rate observed one year ago – this while home prices nationwide have been rising at double digit rates. If mortgage rates keep rising, this could put more and more homes out of reach for prospective home buyers by making them even less affordable. Higher interest rates not only affect the ability of people to afford homes; they also increase the cost of home equity loans. The result is less spending on home repairs and remodeling, which is another major source of lumber consumption.

While rising mortgage rates are a negative risk factor, there are positive trends that can help mitigate their effects, including sustained gains in wages and employment. The growing availability of built-to-rent single-family homes also could make housing accessible to more middle-income households. How the different economic forces play out in the housing market bears watching both this year and next.

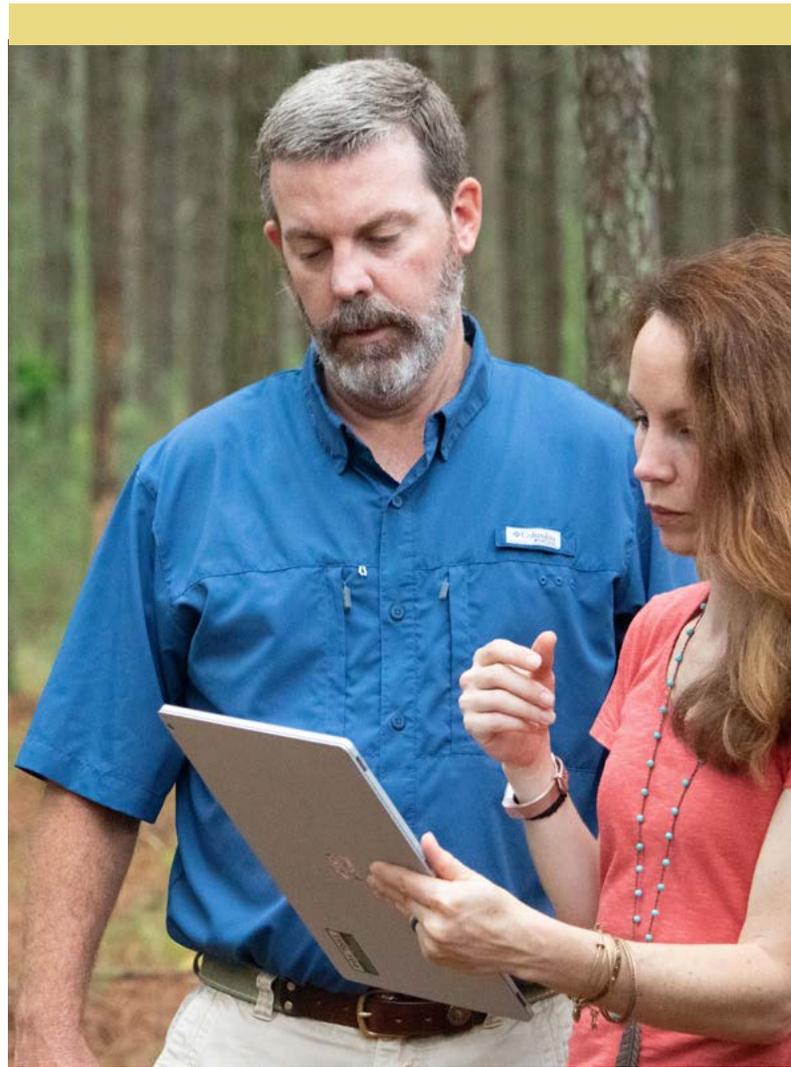
#3 Mill Investments Return to the U.S. South

A second wave of additional sawmill capacity is on the cusp of being capitalized and built in the U.S. South – and timberland owners whose holdings are located near these expanded or

newly built facilities are well positioned to benefit. Back in 2020, many capital investment plans by lumber companies were either canceled or put on hold due to the outbreak of the Covid-19 pandemic. In many cases, companies were not sure about the economic implications of the virus and they therefore curtailed additional infrastructure investments out of an abundance of caution.

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As it turned out, home improvement spending surged during the lockdown periods that ensued. Soon thereafter, in the latter half of 2020, the desire of many to seek more living space in the suburbs created a quick recovery for the new home construction sector. Once lumber producers felt confident about the sustained health of the housing sector, they allocated fresh capital in 2021 to both upgrade existing mills and build new ones. Most of those investments are targeted for the U.S. South, where the forest resource is more plentiful and less



TIR's Ross Pritchett and Tiffanie Starr Conducting Acquisition Due Diligence

expensive to access than in the U.S. Pacific Northwest and Canada.

This surge in capital spending will have a lasting impact over the next three years. Forest Economic Advisors estimates that 3.3 billion board feet (BBF) of new lumber capacity could be added to the South's existing mill base of 24 BBF by 2025. This would be the equivalent of 13 modern, large-capacity sawmills. As a result, the U.S. South's rate of lumber production is expected to increase by 25 percent over 2021 levels. When combined with the strong lumber demand that is anticipated from the housing sector, timberland owners in the U.S. South could see improved timber prices and better harvest income in 2022 and beyond. 🌲

TIR's ESG Performance Management Framework

By Justin Fier, Managing Director, Head of Impact Strategy

Justin Fier joined TIR in December of 2021 to help us integrate Environmental, Social and Governance (ESG) considerations into our investment process with greater focus and discipline. In that capacity, he will help the firm develop an impact-focused investment strategy – one that will expand our capacity to raise capital and explore new investment opportunities. The story below by Justin explains the approach TIR is taking to ESG integration, and it is accompanied by a second story that outlines our objectives for adding an impact-focused dimension to our product and service offerings.

The United Nations' Principles for Responsible Investment (PRI) defines Environmental, Social and Governance (ESG) integration as "the explicit and systematic inclusion of ESG issues in investment analysis and investment decisions." ESG Integration is necessary to ensure that all factors that could have a material effect on an investment's performance are taken into consideration.

As a PRI signatory, TIR takes ESG integration very seriously. In our view, it is not just about our stated commitment to operating with a focus on ESG, or even how we report on our ESG-related efforts, but how we develop ESG strategy, define our ESG objectives, and execute our investment strategies to achieve them.

As a forest investment manager, environmental stewardship has always been an emphasis at TIR because the sustainable management of the working forests we acquire and operate for our clients is critical for generating investment value. Following this same belief, we have developed an ESG Framework and have embedded it within our strategy development, policy formulation and decision-making processes. The integration of this new framework was made all the more possible by the sophistication of our information systems, which underwent an extensive, multi-million dollar build out over the last six years. It also was enabled by the involvement of our Senior



TIR's Justin Fier and His Dog, X-Man, on a Hike in Minnesota

Investment Foresters, who played an active role in shaping it.

Our ESG framework allows us to prioritize collecting and analyzing the right types of information throughout the investment process – from our early-stage due diligence efforts – to the investment and forest management phases – all the way through our exit from an investment. It also provides us with opportunities for continuous learning and improvement as the timely flow of ESG data influences our investment and forest management strategies and tactics.

Unlike many other forest investment managers, TIR tends to acquire and manage smaller, scattered holdings, and we are creative about monetizing the broadest possible array of forest attributes – from an asset's timber, minerals and real estate potential to its conservation and natural capital values. As a result, our approach to analysis is much more granular than some of our peers, and this is especially true when it comes to assessing, minimizing, mitigating, and leveraging the ESG risk and opportunities associated with our investment activities.

Because of this holistic approach, we can obtain a more comprehensive understanding of a particular tract of land and its unique characteristics, including its ESG attributes. This allows us to incorporate ESG considerations throughout our investment process.

TIR's ESG Performance Management Framework

In 2019, when TIR began building out its ESG framework, we knew that effective ESG performance management was a continual process of translating our Core Values, Vision, Mission, and Strategy into our day-to-day work. We also knew that deploying an effective framework could not be a linear exercise – something bolted on to a foregone investment decision or simply expressed in an annual report. It needed to influence everything we do in running our business and managing our clients' portfolios. This translated into putting ESG at the center of how we manage performance – creating what we call our "ESG Performance Management Framework." This framework goes beyond simply measuring and reporting on ESG. It allows us to operationalize ESG.



Aligning with Sustainability and ESG Standards

We also recognized our ESG Performance Management Framework needed to align with the world's most respected standards for sustainability and the best practices of Environmental, Social and Governance engagement. This meant building off of our status as a participant in the Sustainable Forestry Initiative and our position as a Principles for Responsible Investment signatory. It also meant utilizing the reporting standards of the Sustainability Accounting Standards Board, the Global Reporting Initiative, and the International Finance Corporation's Environmental and Social Performance Standards. We also adopted the core sector metrics for forestry (the Global Impact Investment Network's IRIS+) and modeled our overarching ESG PM framework off of the SDG Impact Standards. These Standards were developed by United Nations' Development Programme, which focuses on helping investors operate more sustainably and contribute to sustainable development and the United Nations' Sustainable Development Goals or SDGs. Sustainable development refers to development that meets the economic and social needs of the present without compromising the ability of future generations to meet their own economic and social goals. The United Nations' Sustainable Development Goals were adopted in 2015 by all Member States to provide a global blueprint for peace and prosperity for people and the planet by 2030.

The SDG Impact Standards outline decision-making criteria, not performance or reporting criteria. They are designed to help



17 Sustainable Development Goals

organizations integrate sustainability and contribute to the SDGs through how they conduct business and make investments. In other words, they provide guidance on how to embed sustainability at the core of decision-making, organizational systems, investment frameworks and management practices by using a common language and shared approach.

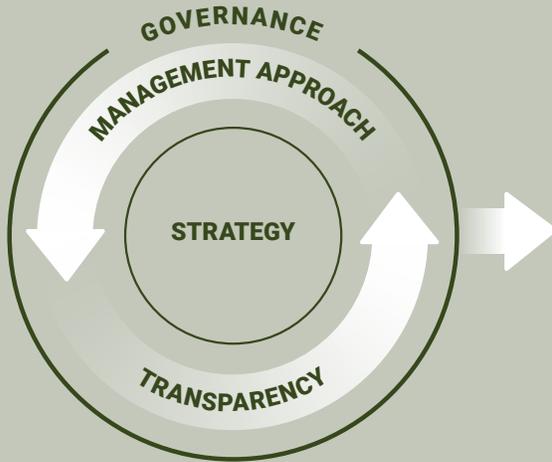
The SDG Impact Standards comprise four underlying standards and "practice indicators" that provide additional guidance for achieving each. The four Standards are:

- **Strategy:** Embedding *foundational elements* into purpose and strategy
- **Management Approach:** Integrating *foundational elements* into operations and management
- **Transparency:** Disclosing how *foundational elements* are integrated into purpose, strategy, management approach and governance, and reporting on performance
- **Governance:** Reinforcing commitment to *foundational elements* through governance practices

As with the SDG Impact Standards, TIR's ESG Performance Management Framework consists of four elements: Strategy, Management Approach, Transparency or "External Reporting" and Governance. We expanded the management approach area into three distinct parts: 1) Operations; 2) Internal Reporting; and, 3) Learning. This allowed us to embed a more intentional feedback loop of continuous improvement into the process. Our reporting protocols provide us with an efficient way to communicate findings throughout the organization so we can improve our processes, better serve our investors, and ultimately achieve TIR's Mission, which is to "...provide our clients with innovative, forest-based investment offerings that optimize long-term performance while contributing to community resilience and environmental sustainability."

TIR'S APPROACH TO ESG INTEGRATION

SDG Impact Standards Framework



TIR's ESG Performance Management Framework



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- Strategy
- Management Approach
- Transparency or "External Reporting"
- Governance

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- Internal Reporting
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An Example of TIR's ESG Performance Management Framework in Action

One of the most tangible ways in which we have put our ESG Performance Management Framework into action is through our proprietary and quantitative **ESG Due Diligence Tool**. The tool enables us to address questions about the ESG characteristics of a prospective acquisition. It employs a weighted scoring technique that allows us to characterize and communicate the ESG attributes of a particular investment opportunity, which, in turn, helps ensure the information is factored into our decision-making process. In other words, our ESG Due Diligence Tool provides TIR with a standardized approach for assessing ESG risk and opportunity and supports our ability to conduct comparative analyses of investment opportunities at a portfolio level.

Overall, our ESG Performance Management Framework has helped our firm organize and assess a more robust collection of non-financial information – information that goes far beyond the deep analytical work we have always done on the environmental characteristics of the forest investments we make and manage on behalf of our clients. 🌲

Going Beyond ESG to Forest-Focused Impact Investing

A New Strategic Thrust for TIR

Over the years, TIR has spent a lot of time working in the private forests of rural America. Unfortunately, we also have seen the persistent poverty that characterizes many of the communities where we manage timberland.

According to research by the Urban Institute, *Capturing Shared Impacts of the Partners for Rural Transformation*, “persistent poverty is holding back about one in seven rural counties [in the U.S.]” The U.S. Department of Agriculture defines persistent poverty as counties where more than 20 percent of the population has experienced poverty or economic hardship for the previous 30 years. Based on a report by the U.S. Department of Agriculture’s Economic Research Service entitled, *Rural Poverty and Well-Being*, about 85 percent of the areas in the U.S. that fit this profile are non-metropolitan counties.

Historically, TIR has passed over timberland investment opportunities that we have deemed unattractive from a risk-adjusted return standpoint. These judgments have naturally included assessments of the near-to-medium-term fundamentals of local timber markets. In some instances, we have identified attractive forest assets, only to find that the local timber markets where they were located were inadequate. Had these working forests been in larger and stronger markets – markets that had robust supply and demand fundamentals, which are often a consequence of having modern and competitive timber-processing and transportation infrastructure – they likely would have merited more serious consideration for acquisition.

As TIR’s newest hire in the created role of Managing Director, Head of Impact Strategy, part of Justin Fier’s job is to identify what types of impact the firm can have and sustain through its investment activities. Prior to joining TIR, he spent five years working with some of the largest impact investors in the world, including the Ford, MacArthur, and Kresge Foundations, as well as various Community Development Financial Institutions. In this capacity, he conducted field-building research and customized impact investing strategies. Consequently, he has seen the sizeable amounts of investment capital these organizations are deploying, as well as the specific types of impact they are seeking in doing so.

TIR is currently considering how we might combine our forest investment expertise with capital provided by impact-oriented investors – the goal being to link our skills and efforts with their community development objectives in ways that will allow us to create and capitalize on new investment opportunities in rural, depressed communities that have the attributes necessary to support a strong timberland investment and timber-processing economy. This would be a separate and distinct investment focus from TIR’s traditional sustainable forestry strategy, which we will continue to offer and manage. The new impact strategy would not only provide a powerful market-driven solution for addressing pervasive rural poverty, it also could help enhance TIR’s traditional approach to forest investment by enabling us to explore and pilot new ideas and initiatives. Our new ESG Performance Management Framework positions us well to integrate an impact-focused performance management framework – one that is aligned with market best practices and that is tailored to our investment style and objectives. 🌲

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TIR Team Profile

A Q&A with Cory Dukes,
TIR's New Director of Forest Management

Cory Dukes assumed his new role in September 2021 following the retirement of his predecessor, Steve Jack. He joined TIR in 2012 and previously served as our Senior Investment Forester in the Eastern Region, where he directed land planning, timber productivity as well as marketing initiatives and regulatory compliance and environmental stewardship for an operating area that stretched from Virginia to South Carolina.

During his tenure as a Senior Investment Forester, Cory also was heavily involved in establishing TIR's renewable energy strategy and specifically our approach to solar resource development. Earlier in his career with us, Cory led TIR's harvest scheduling efforts and worked in decision support and portfolio analysis roles. Cory holds both BS and MS degrees in Forest Resource Management from the University of Georgia. He also is a Chartered Financial Analyst and holds the Certified Forester designation from the Society of American Foresters.

Upon Cory's appointment in September, TIR President and Chief Investment Officer, Mark Seaman said, "Cory has been a top performer since joining TIR, and the contributions he's made have enabled us to create and capture new sources of value for our clients. We are confident that in his new role, his impact will be magnified, and we are pleased to see him emerge as one of our next generation of leaders."

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— Mark Seaman

Q: How did you find your way into a career in forestry?

Cory: I grew up in East Georgia and spent a lot of time outdoors when I was growing up. When I went off to college at the University of Georgia, I didn't even know there was a profession called forestry. I was studying international affairs and was uncertain what opportunities that would provide, but we had a family friend who worked in the forest industry. After talking with him and learning more about the opportunities available to those with forestry degrees, I switched majors. Eventually I was drawn to the overlap between science and business; managing the biology of growing trees while conducting related commercial activities was really interesting to me. When I continued my education at UGA's Warnell School of Forestry and Natural Resources (University of Georgia), the interaction between the two became even more compelling because I began to understand how those two things – biology and business – needed to be balanced.

Q: How does this relate to your new role at TIR?

Cory: The Forest Management Team is tasked with ensuring that we strike the necessary balance between making sound biological and stewardship-oriented forest management decisions and investment management decisions that align with our clients' risk and return objectives. We are fundamentally responsible for executing TIR's overarching investment strategy.

Q: How would you describe your management style?

Cory: I like to operate in a de-centralized way by describing the intended outcome and letting my teammates determine the best ways of achieving them so we can produce the results we need. This is best accomplished in a collaborative work environment. I've always felt people are most successful when you give them the latitude to develop their own plans and then give them the freedom to implement and to make adjustments as circumstances merit. It comes down to having strong, experienced and self-motivated professionals working with you and providing them with the tools and support that they need to do their jobs

Q: So how are you approaching your new responsibilities?

Cory: My job is making sure we have the right people with the right tools in place to create and preserve investment value for our clients. I am constantly asking myself: 'What do we need in the way of expertise, resources and support to ensure that we are making the best forestry and investment decisions we can for our clients?' I also focus on promoting the types of behaviors that I think lead to success. Our culture rewards entrepreneurial thinking and creative problem solving. We're very opportunistic when it comes to optimizing a working forest's investment potential – but to behave that way, those

making the decisions on the ground have to be innovative and willing to try new approaches. That's about culture, and so part of my job is reinforcing the culture of entrepreneurship that our firm was founded on.

Q: How do you do that?

Cory: We are very fortunate that, to a person, our Senior Investment Foresters are a breed apart. Wayne Anthony, Craig Seaman, Hayes Luscher, Ross Pritchett, Matt Lowe, and our newest team member, Dave Preston, who replaces me in the Eastern Region, combine really strong forestry skills with advanced forest business capabilities. These are people who do a great job of managing our clients' forests and timber – who understand it is important to keep the "biological engine" of a forest investment operating at a high level. However, they also have outstanding business instincts and strong expertise in forest finance and real estate management. This allows us to ask a lot of them. They oversee their regions as if they are CEOs – making decisions about how each asset should be managed to support the execution of our investment strategy. However, while they work primarily within their assigned geographic regions, they also each have unique strengths and capabilities, which they share with their peers. This allows us to take a holistic, team-based approach to forest investment management.



Q: What is the typical day like for a TIR Senior Investment Forester?

Cory: There isn't one... (Laughs)... Each day is different and unique. In the morning you could be reviewing portfolio performance with the firm's Executive Team. In the afternoon, you could be meeting with a prospective land seller or conducting field due diligence with TIR's Acquisitions Team. That night, you could be attending a local public hearing about a highway, utility pipeline, or solar energy project that is being proposed for a client's land. The next morning, you could be overseeing a site preparation, herbaceous control, fertilizer, or final harvest operation. In other words, the variety of tasks you perform day-in-and-day-out is always changing, and that's part of what makes the job interesting.

Q: How is this different from how foresters operate at other TIMOs?

Cory: Our Senior Investment Foresters aren't just "Dirt Foresters" making and executing forestry prescriptions. Obviously, they pay close attention to the biological side of the business, and they can grow trees and manage land with the best of them. But they also are directly involved in crafting, executing and monitoring the progress and success of our portfolio strategies, too. In other words, they are not just taking orders from a portfolio manager and then going out and executing on the ground. They have a strong voice in the investment process, and their observations and opinions enrich our decision making. Frankly, I think the role we have carved out for our Senior Investment Foresters is entirely unique within the timberland investment sector.

Q: What is your group's role in managing TIR's approach to forest stewardship?

Cory: We're on the front lines of ensuring that we are operating our clients' assets in accordance with their ESG objectives and our own ESG policies and principles. We place a very high premium on practicing responsible environmental stewardship. That's just the ethos of the firm and the team – and we take pride in the result. However, we also recognize that taking good care of our clients' lands is part of our fiduciary obligation because it reduces regulatory and public perception risk and positions them to capitalize on things like sensitive lands monetization opportunities that otherwise might not be available to them. We manage those risks and capitalize on those opportunities by practicing sustainable forestry – and by adhering to our own rigorous ESG policies and procedures and the standards of both the Sustainable Forestry Initiative (SFI) and the Principles for Responsible Investment (PRI). We also do it by cultivating and maintaining mutually supportive and trusting relationships with the communities where we operate, with our neighbors, with conservation and environmental groups, and with regulators and other public agencies with which we work on things like conserving at-risk species and protecting their habitats.

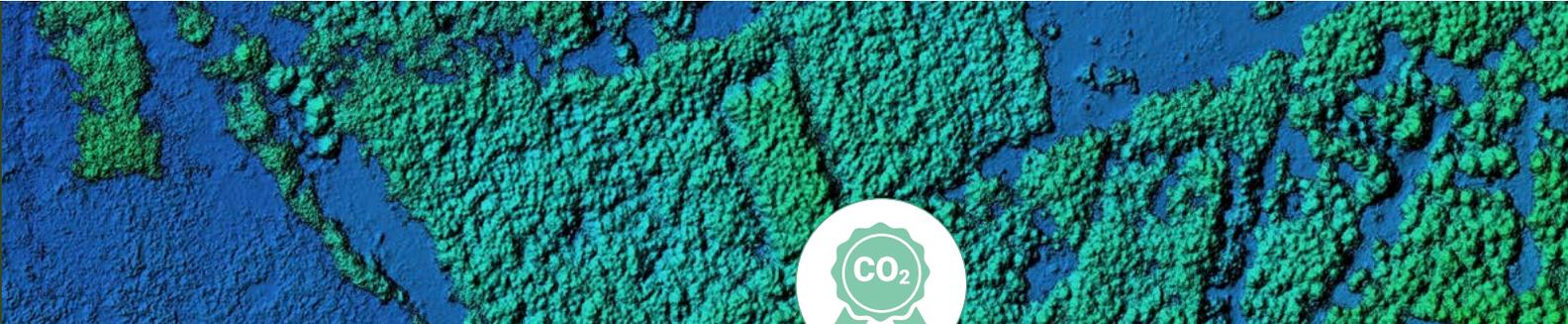
Q: Anything more you'd like to add?

Cory: There's a lot more I'd like to say about what TIR's Forest Management Team does, and how, but we'll save that for another time! (Laughs). 🌲



TIR Pushes Further into the Natural Capital Markets

Carbon, Solar and Environmental Mitigation: A Focus on 2021



TIR has a long history of monetizing natural capital assets, mostly through the sale of sensitive, high-value conservation lands to public agencies and mainstream conservation groups. Over the years, we have sold more than 60,000 acres to such organizations on a fee-simple basis – helping to protect the lands into perpetuity and also providing our clients with solid returns on their investments.

In recent years, however, we have been pushing more aggressively into new segments of the “natural capital” or “ecosystem services” sectors to optimize the performance of clients' portfolios. In 2021, a number of these efforts came to fruition as we monetized carbon values on lands owned by a few clients; established a strategic partnership with one of the leading developers of solar energy resources in the United States; and put the gears in motion to begin developing a large-scale water mitigation bank on a property we manage for clients near Savannah, Georgia. Here is more information on each of these innovative initiatives.



Carbon Offsets

In the spring of 2021, TIR participated in a voluntary carbon market auction in which we sold tens of thousands of Harvest Deferral Credits (HDCs) from a few clients' portfolios, generating several hundreds of thousands of dollars of additional revenue for them in the process. These sales were completed through a new company, Natural Capital Exchange (NCX).

NCX utilizes a precision forestry platform enabled by Microsoft's remote-sensing AI technology, “Basemap,” to compute forest-based carbon stocks on lands that are included in its program. It then aggregates the credits and registers them on one of the leading “voluntary” carbon market exchanges. Once the credits are registered, NCX markets them through an auction process, which it conducts at scheduled intervals throughout the year.

The credits are based on program participants agreeing to defer harvests on their lands for 12 months. The program incentivizes forest owners to deviate from their “business as usual” approaches by rewarding them for managing their assets during the 12-month commitment period in ways that will result in more carbon being sequestered than otherwise would have been the case.

With respect to TIR's participation in the NCX process, we decided which of our clients' lands to submit for consideration based on the composition of their forests and their interests in participating. NCX assessed the lands to make a final

determination as to whether the assets would be included in the firm's next auction. We also established targeted bid prices for any credits that were to be auctioned, and these were treated as the lowest price at which we would be willing to sell our clients' offsets ("offsets" is another term for credits).



Young Pine Plantation

NCX's platform employs satellite imagery to analyze the composition of forests. The firm has mapped every acre of forestland in the United States, and when provided with GIS property boundaries by a timberland owner, it can calculate timber stocking levels and forest characteristics for an individual property and the timber growth and consumption ratio for the area (woodbasket) in which it is situated. This data can be used to estimate how much a forest is likely to grow over certain period of time and the "business as usual" conditions of timber consumption in the market area. These two measures give NCX the ability to estimate the amount of additional carbon that will be stored if a timberland owner were to defer a harvest and allow a forest to continue to mature. This differential, which in the carbon world is referred to as "additionality," serves as the basis for a landowner selling carbon credits because the projected volume of additional carbon that will be stored is the metric used to determine how many credits will be produced on one's land base.

Although it's new, the NCX program is gaining traction because of its short-term commitment period, its low upfront costs, and the fact that the program was designed to provide opportunities for both small and large landowners to participate. It also was designed to create and market credits from lands forested with intensively managed, softwood plantations, which generally have been excluded from forest carbon monetization markets in favor of naturally regenerating upland hardwood forests.



Mid-Rotation Pine Plantation Being Thinned

"We will continue to monitor how the NCX program evolves, and we will consider participating again in future auctions the company sponsors depending on the needs and interests of our clients," said Tom Johnson, TIR's Managing Director of Client Relations. "Meanwhile, we also are exploring other strategies for monetizing clients' carbon values and envision all of them becoming part of a broader effort TIR is undertaking to become a bigger player in the impact segment of the timberland investment market," he continued.



Solar Energy

In 2021, TIR began working within a strategic partnership with one of the nation's leading solar energy project developers. We are now collaborating on several solar projects that are based on working forest assets that are owned in the United States by our clients.

Hosting solar infrastructure, like arrays of photovoltaic panels and related transmission equipment, represents an expansion of the value proposition for owning timberland for investment purposes because it can diversify revenue streams from a particular investment and enhance long-term total returns.

In working to identify and develop such opportunities, TIR also is utilizing some innovative project development, financing, leasing and implementation strategies that promise to enhance clients' investment options and returns.

TIR began working with the solar energy developer in 2019. TIR's solar strategy is to be an early mover in the space among timberland investment managers. Today, we have 21 solar

projects underway. A total of more than four gigawatts of power are in various stages of evaluation, planning and development. We are providing the solar development company open access to the working forests we manage for clients to enable it to identify attractive locations for solar projects. In return, we are being granted favorable deal terms that make use of creative financing and project structures. Among other features, these include opportunities for our clients to capitalize on tax efficiencies and various opportunities to co-invest.

Another advantage of working with a solar development company is that TIR's clients are able to participate in more opportunities because our solar partner often will be able to give our clients' lands priority when they are working through the regulatory process associated with siting new projects.

"This is a very important development in the evolution of both the timberland asset class and our business," said Christopher Mathis, Managing Director of Corporate Development for TIR. "As the world grapples with climate change and the associated need to expand our use of sustainable and renewable sources of energy, adding more solar capacity to the grid is a priority. Our clients are well positioned to capitalize on this need by hosting solar infrastructure on some of their timberland assets – particularly those that are near major metropolitan areas proximate to power transmission lines."

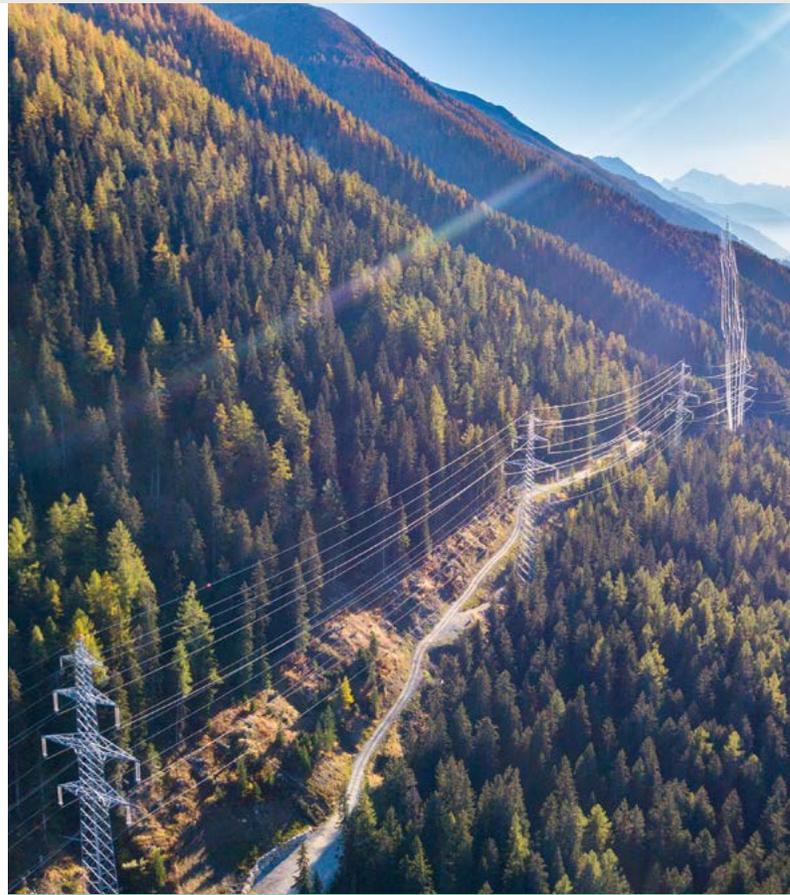


Environmental Mitigation Banking

Another segment of the Natural Capital sector in which TIR began to work in 2021 was environmental mitigation banking, or specifically, non-tidal wetlands mitigation banking.

A mitigation bank is a wetland, stream, or other aquatic resource area that has been restored, established, enhanced, or preserved for the purpose of providing compensation for unavoidable impacts to aquatic resources that have occurred elsewhere as a result of land use or development. Water mitigation banks are permitted under the U.S. Clean Water Act (Section 404), or a similar state or local wetland regulation, and may be created by a government agency, corporation, nonprofit organization, or other private entity.

In 2021, we began working on such a project on lands a client owns along coastal Georgia near the city of Savannah. The 1,826-acre tract has attributes that make it an attractive target for the development of a mitigation project and demand





for credits in the area is projected to be strong as the city of Savannah and its burgeoning port, which is one of the largest in the eastern United States, are both undergoing dramatic growth. This, in turn, is creating demand for credits to offset the associated environmental impacts.

TIR is working closely on this and the scoping of other such projects with one of the South's most recognized environmental banking consultancies.

TIR's strategy for developing mitigation banks on clients' properties is market driven. In recent decades, mitigation banks were over-developed in certain regions of the country – leading to regional credit glut that undermined the investment potential of specific projects.

“Our mitigation banking strategy emphasizes identifying and capitalizing on market inefficiencies, such as supply, demand, or pricing dislocations,” said Ross Pritchett, Senior Investment Forester for TIR (See photo at bottom left), and one of the key individuals leading our project efforts near Savannah.



“When we see strong current demand, and projected future demand for mitigation credits in a particular market, we first evaluate the market's current and evolving capacity to meet that demand.”

— Ross Pritchett (At Left)

“When we see strong current demand, and projected future demand for mitigation credits in a particular market, we first evaluate the market's current and evolving capacity to meet that demand,” continued Pritchett. “If we see a delta between demand and supply, we identify properties within that region that we currently manage for clients, or that we could acquire, that have environmental attributes suitable for the establishment of successful mitigation banks. In short, we are keeping the horse ahead of the cart and focusing on meeting demand that can be quantified, rather than pursuing a strategy of ‘if you create a mitigation bank, demand for the credits will materialize.’”

According to Pritchett, as population patterns continue to suggest an ongoing migration of households and businesses to the U.S. South, the associated land development that is likely to occur should lead to increased demand for environmental mitigation credits. He said TIR is focused on being a first mover, and a “smart” mover, in attempting to meet and capitalize on this demand. 🌲

TIR and Investor Group Building State-of-the-Art Sawmill at Corinth, Mississippi

Facility Set to Open in 2022

By Christopher Mathis, J.D., Managing Director, Real Estate and Corporate Development

In September 2020, TIR announced that we had formed an investor group that would collaborate to build a state-of-the-art sawmill at Corinth, Mississippi. This investment opportunity was conceived to capitalize on the under-served nature of the area's timber market and Corinth's strategic location as a transportation hub for fast-growing areas of the upper U.S. South and Midwest – regions where demand for high-quality lumber is strong and is projected to remain so for the foreseeable future.



TIR's Chris Mathis (center standing) with state and local supporters of the mill project.

This foray into the solid-wood manufacturing sector is our first and represents an extension of TIR's core investment strategy, which focuses on identifying and capitalizing on timberland and timber market-related inefficiencies. The mill is being funded by current institutional investment clients of TIR's and by some new investors that have significant experience in private equity project investing.

My colleague, Tim Hartigan, TIR's Managing Director of Marketing, said this about the initiative when discussing it with our clients. "This sawmill investment opportunity represents

a significant addition to our product line. In many ways, it is a private equity offering, but it also sits clearly in the realm of our core expertise and operating knowledge within the timberland investment sector. Launching this project enabled us to work with new classes of investors, and as we look to the future, we expect to pursue more opportunities like this with the help of these new sources of capital. We also like the Environmental, Social and Governance (ESG) dimensions of the sawmill investment, which will bring good, well-paying jobs to the community."

Investment Rationale

Our decision to raise capital and build at Corinth, which will operate under the name “Mission Forest Products,” was influenced by our assessment of lumber and timber market fundamentals in the upper-middle U.S. South. In short, we saw a significant market inefficiency that we felt we could exploit to the benefit of our investors. This area, which is often referred to as the “TAM” region because it is where the states of Tennessee, Alabama and Mississippi meet, is characterized by vast, timber-rich forests that have the capacity to grow large volumes of high-quality wood products due to their terrain and highly productive soils. However, in recent decades, the TAM region has been plagued by a lack of sawmilling capacity. Although it hosts some pulp, paper and packaging manufacturing facilities, which use large volumes of lower-quality pulpwood, its market outlets for higher quality, softwood (pine) sawlogs have been thin. From the perspective of landowners in the region, this has not only kept sawtimber prices depressed due to a lack of demand, it also has had a negative influence on timberland prices because it has undermined landowners’ ability to benefit from long-term capital appreciation.

The new Mission Forest Products facility is slated to become the first, large-capacity consumer of pine sawlogs to operate in the region in many years and will enjoy ready access to attractively-priced timber while landowners will benefit from having access to a significant new source of dedicated demand for their higher-value sawtimber products.

Launching the Project

“This sawmill project is a win-win for TIR and its investors, for the timberland owners of the TAM region, and for the business community and people of Corinth.”

— Mark Seaman

Corinth, the Alcorn County Business Community and Board of Supervisors, the city of Corinth, and the Tennessee Valley

The estimated \$160 million sawmill project is being built on a 165-acre parcel of land on the outskirts of Corinth, and it will employ about 130 people. When launching the project in September 2020, TIR also announced that it would receive considerable support in the form of both infrastructure investments (roads and energy grid access) and tax incentives from the Mississippi Development Authority, the Alliance of

Authority. This level of support and collaboration speaks to the importance public officials place on the project to both Alcorn County, Mississippi and the entire state.

The new mill will utilize the most modern sawmilling technologies available today and have an annual output capacity of 250 million board feet of lumber, making it one of the largest and most advanced facilities of its kind in the upper South.

TIR’s objective for the investment is to see Mission Forest Products become one of the lowest-cost and most reliable suppliers of high-quality dimensional lumber products in North America. We intend to do this by capitalizing on the abundance of high-quality timber growing in the area, Corinth’s status as the transportation hub in the Upper South, and the high-efficiency nature of the mill’s design. The mill is expected to purchase virtually all of its timber from local landowners and it will sell the lumber it produces through regional and national markets.



Aerial image of the Mission Forest Products Sawmill Site During Construction

Building the Mill

Ground was broken on the mill in the spring of 2021, and construction is expected to conclude in the second half of 2022. The process and start up are being overseen by Joseph Rodgers, who will serve as Mission Forest Products' Chief Operating Officer. Rodgers is widely known and highly respected for his knowledge and experience building and running large-capacity sawmills over a 30-year career that has included stops with Interfor, Temple Inland and his own consulting practice. Prior to taking on the Mission Forest Products' project, he participated in a similar effort in East Texas. That facility's footprint and production capacity are similar to those of the new Corinth facility and it was recently acquired from the group that developed it by the Canadian sawmill operator WestFraser for \$300 million.

This is a very exciting project. Mission Forest Products will be one of the northernmost softwood sawmills in the U.S. South, and because Corinth is at the crossroads of the region, we will be able to access fast-growing housing markets like Memphis, Nashville, Chattanooga, Huntsville and Birmingham, as well others in the Midwest via major interstate highways and the Norfolk Southern rail mainline. This attribute, combined with the access we will have to the area's well-stocked timberlands, will provide us with formidable competitive advantages.

TIR wants to see Mission Forest Products be recognized as one of the most efficient and productive sawmills in the industry – a premier supplier of southern yellow pine lumber that has ready access to great finished-products markets. We also want the company to be seen as a dependable and trusted business partner to its customers and those who provide it with services. The approach to attaining that status focuses on creating an "Environment of Excellence," one characterized by highly efficient mill operations and reliable and professional business processes.

Mission Forest Products is already hiring in anticipation of the 2022 start up. These efforts are being facilitated by the large population of skilled and experienced workers who reside in the Corinth area, many of whom previously worked for one of the region's large pulp, paper and packaging facilities. In addition, the area also has a sizeable number of skilled woods workers – loggers, truck drivers and forestry service providers – who will help create a supportive operational ecosystem for the new mill.

The facility will employ state-of-the art log scanning and optimization technology to ensure that each log that passes through its production line is milled to its fullest potential from both a wood utilization and financial standpoint.

ESG Dimensions

Speaking of the project and its potential to provide ESG benefits for the region, TIR President and Chief Investment Officer, Mark Seaman, said, "This sawmill project is a win-win for TIR and its investors, for the timberland owners of the TAM region, and for the business community and people of Corinth. It will provide immediate economic benefits that will improve the tax base of the area and provide jobs that will have a cascading impact on the community by improving the quality of life enjoyed by many of its citizens."

TIR also thinks the project will have other downstream benefits, providing additional work for woods workers as well as for those who are employed in the local retail and hospitality sectors, which will provide services and support to the mill and its workforce. Finally, we believe Mission Forest Products will offer forest owners in the region an even greater incentive to practice long-term, sustainable forestry on their lands, and to keep their forests as productive forests rather than converting them to alternative uses. 🌲

TIR Closes Two Commingled Funds in 2021

Combined Fund Commitments Total More Than \$315 Million

Despite the challenges associated with marketing new investment offerings in the midst of a global pandemic, TIR and its affiliated company, TIR-Europe, each closed a new commingled fund in 2021 with total combined commitments of more than \$315 million.



“Our strategy of creating return optionality through our investment and ground-level management strategies is unique, and I think investors are finding it increasingly compelling as the value proposition for investing in working forests evolves to include new sources of revenue.”

— Tim Hartigan

TIR's ETO III

TIR's Eastern Timberlands Opportunities Fund III (ETO III) closed in May with commitments of \$115 million from a collection of existing and new investors. As with the prior Funds in the series (ETO and ETO II), ETO III will invest in the Eastern United States with a focus on acquiring a collection of high-quality timberland assets that are diversified by geography, timber species and age class, and end-use timber market exposure.

TIR will manage the fund to optimize each individual asset's full-range of values – from its timber and real estate potential to its conservation, renewable energy and other natural capital values. Most of the portfolio will be invested in the U.S. Southeast with some component likely to be placed on an opportunistic basis in other locations throughout the eastern parts of the nation.

“It was very gratifying to see the demand and support we received for this offering from existing clients because we think it speaks to their confidence in our capabilities,” said Tim Hartigan, Managing Director of Marketing for TIR. “We also were very excited to have some new investors participate, and our objective is to demonstrate to them our ability to wisely invest their capital. Our strategy of creating return optionality through our investment and ground-level management strategies is unique, and I think investors are finding it increasingly compelling as the value proposition

for investing in working forests evolves to include new sources of revenue from efforts like selling carbon offsets and high-value conservation lands to public and private conservation groups; developing renewable energy infrastructure, like solar farms, and establishing environmental mitigation banks in markets where demand exists,” he continued.

Hartigan went on to say that TIR expects the acquisition market to be tight as the firm works to build out the portfolio. However, he also said that TIR's focus on middle-market investment opportunities (acquisitions in the range of \$10 million to \$75 million) and its demonstrated capacity to source and close negotiated transactions with smaller private forestland owners will continue to provide the firm with competitive differentiation and advantage. In fact, approximately 65 percent of the Fund's capital had already been invested, or was targeted for placement, as of the time of this publication.



Hugh Humfrey

TIR Europe's Forestry Fund II

According to Hugh Humfrey, Partner of TIR Europe, who oversees portfolio management, Fund II, which closed with commitments of \$200 million, was marketed globally to non-U.S. investors and was capitalized with new commitments from several Fund I investors as well as allocations from new clients, including a major, institutional investors based in Japan. Most of the Fund's other clients are domiciled in Europe. He said both Fund I and Fund II were marketed as hard asset opportunities that were designed to provide investors with a competitive, targeted cash yield in the range of 3.0 to 3.5 percent combined with a roughly equal amount of capital appreciation over a longer-time horizon for a total nominal return in the range of 8.0 to 10.0 percent.

While the Fund's capacity to generate an annual yield was a major selling point for many investors who are looking for annual cash returns that are comparable to, or higher than, government bond yields, Humfrey also said that timberland's traditional value proposition, which emphasizes providing investors with portfolio diversification, inflation hedging potential and capital preservation, also were among its compelling attributes.

"We were very pleased with the level of interest Fund II received," said Humfrey. "We also were pleased to be able to raise some capital from outside of Europe. Having the ability to say that a major Japanese investor is among our clients makes other Asian investors take note, and we hope that will enhance our prospects of doing additional business in the region in the future."

Humfrey said another driver of interest in the Fund was investor's increasing focus on the issue of climate change and the role forests can play in addressing it as a natural climate mitigation tool. He said this dimension of owning forests is generating a lot of interest from corporate investors that traditionally would not have been on TIR Europe's short list of prospective clients. He said this class of investor wants to learn more about the asset class and perhaps be able to use their ownership of forest assets to help offset their own carbon profiles – something major corporations like Apple, Microsoft, Manulife and Royal Dutch Shell are already doing.

In describing how Fund II was marketed, Humfrey said he and his colleague, Gian Paolo Potsios, were forced to get creative with their outreach and due diligence efforts because of the constraints imposed by the pandemic.

"We had to re-think our approach in the later stages of our fund raise," said Humfrey. "Sitting across the table from a prospective investor and giving them an opportunity to size you up and assess your capabilities and character is extremely important when you are raising capital – especially in Europe and Asia where relationships are often the key to conducting business. The pandemic interfered with that face-to-face contact, so we had to find other ways to connect. We used a lot of video teleconferencing in addition to receiving help from TIR's Forest Management Team on some of the calls. They actually put drones up in the air over forestlands we already operate for clients, and we broadcast the feeds to prospective investors to give them virtual forest tours. This enabled them to see the types of assets in which we invest and to ask questions about how we manage them. It wasn't the same as having them on the ground with us for an in-person forest tour, which we would prefer, but it did the job."

Looking to the future, Humfrey said TIR Europe's next fund offering is likely to have a strong focus on Environmental, Social and Governance (ESG) investing with an emphasis on combining traditional revenue sources, like income from timber harvesting, with the aggressive monetization of natural capital and ecosystem service values. 🌳

"Looking to the future, TIR Europe's next fund offering is likely to have a strong focus on Environmental, Social and Governance (ESG) investing with an emphasis on combining traditional revenue sources, like income from timber harvesting, with the aggressive monetization of natural capital and ecosystem service values."

– Hugh Humfrey

TIR's New Short-Video Series

Bringing the Firm to its Investors, Consultants, Partners and Friends

In the Spring of 2020, TIR faced a dilemma. Being in the market with two new funds, and being focused on maintaining close, working relationships with its ever-expanding roster of U.S. and international clients, the Covid-19 pandemic was presenting the firm with marketing, business development, and client relations challenges.

“Our inability to travel and meet face-to-face with investors, partners, consultants, and friends raised the prospect of our business experiencing a significant slow-down in productivity,” said Tom Johnson, Managing Director of Client Relations. “We still had the capacity to manage our client’s assets,” he continued, “but the pandemic was impacting our ability to access new sources of capital and engage directly with current investors.”

According to Johnson, TIR soon concluded that it needed to develop new ways of telling its story and re-connecting with key stakeholder groups to explain its investment approach and share its perspectives on timberland investing.

During the summer of 2020 and continuing throughout the following year, TIR produced a series of nine videos on these topics, which were shared with clients on its website, via links sent through email, and on the social media feeds of its affiliated company, Timberland Investment Resources Europe.

According to Johnson, the video campaign proved highly popular. It helped the firm close its two open funds in the final stages of their capital-raising windows and provided it with new opportunities to introduce its key people and share its unique story with an ever-increasing number of interested audiences, including global investors, investment consultants, timberland transaction partners, as well as its friends in the conservation community.

“We needed to produce a series of short videos featuring our leadership team through which we could share insights on everything from our culture as a firm to the roles each of our managing directors play in helping us invest clients' capital and manage their forest assets.”

— Tom Johnson

The first three videos focused on educating the marketplace about the timberland asset class, the mechanics of investing in timberland, and TIR’s investment strategy and sources of competitive differentiation.

Unlocking Forest Value



The Original 'Hard Asset'



The Mechanics of Timberland Investment



The fourth video featured TIR's President and Chief Investment Officer, Mark Seaman, who set a high standard for his colleagues by taking viewers on an interesting tour of a southern pine working forest. In that production, Seaman also talked about TIR's value proposition, but he reserved his most compelling remarks for describing the firm's culture and core values and how they anchor the organization.

Subsequent videos featuring TIR's Managing Directors, including Tiffanie Starr, who oversees Acquisitions; Chris Mathis, who runs its Real Estate and Corporate Development functions; Chung-Hong Fu, who heads up Economic Research and Analysis; and Kevin Colin, TIR's Chief Financial Officer, followed. Still others are in the final stages of production and will be released this coming spring and summer. They feature Chris Elwell, Head of Investment Analysis; Cory Dukes, TIR's new Director of Forest Management; Justin Fier, the firm's recently hired Head of Impact Strategy; and Tom Johnson, Tim Hartigan and Hugh Humfrey, who will use their time in front of the camera to talk about TIR's approach to managing client relationships. A final, topical video that explores TIR's strategy for building portfolios that combines traditional and natural capital performance drivers will round out the series.

The Reactions

According to Johnson, the reactions TIR has received to the short-video series thus far have been highly favorable.

"Clients, prospects, partners and others have commented on both their production quality and messaging," he said. "More gratifying is that the overriding sentiment has been that the videos have allowed our constituents to develop a better understanding of the timberland asset class, our approach to it, and the unique capabilities of the people and teams that comprise TIR. This was our ultimate objective, so we are pleased with the results." 🌲

Mark Seaman on TIR and its Culture



Tiffanie Starr on TIR's Approach to Acquiring Assets and Building Portfolios



Chris Mathis on TIR's Approach to Whole-Forest Value Monetization



Chung-Hong Fu, Ph.D., on the Role of Research in TIR's Investment Approach



Cory Dukes on TIR's Approach to Forest Management



Kevin Colin on TIR's Value Proposition: Finance, Accounting and Reporting



Organizational News

Bringing the Firm to its Investors, Consultants, Partners and Friends

Justin Fier joined TIR as Managing Director, Head of Impact Strategy



Justin Fier

Justin Fier joined TIR as Managing Director, Head of Impact Strategy in December 2021. He is responsible for developing and executing impact measurement and management strategies for existing and new investment activities

and is spearheading our new product development efforts that are designed to capitalize on impact investing trends (See related story on page 8). Justin came to TIR from Couloir Global Investors, LLC, where he served as Managing Director leading and directing its forest investment and impact investment activities in Africa. In that role, he developed a global network of forestry and investment contacts and managed the firm's start-up operations. He also played a key role in business development, helping the firm raise more than \$50 million in soft commitments from investors. Between 2016 and 2021, Justin also served as Managing Director of Research and Consulting with Pacific Community Ventures (PCV), a community development financial institution based in Oakland, California. PCV is recognized as one of the most experienced impact investment organizations in the United States, and during his tenure with the organization, Justin led a six-person team charged with developing customized impact investment and measurement strategies for prominent institutional investment organizations like the California Public Employees' Retirement System, the Kresge Foundation, the MacArthur Foundation, and the Sierra Club Foundation. Earlier in his career, Justin served as Senior Consultant with the investment advisory firm, Jeffrey Slocum & Associates, of Minneapolis, working with clients that oversaw \$125 billion in assets and also leading a seven-person investment team that oversaw Environmental, Social and Governance (ESG) integration, impact investing and thematic investing in

sectors like alternative energy, water security, microfinance, green infrastructure and sustainable agriculture and forestry. In earlier roles with the firm, he served as Fund Manager for the Slocum Research Portfolio and headed up non-U.S. Equities research. Justin holds a BA in Economics from St. John's University and an MBA from the University of Chicago's Booth School of Business. He also completed graduate work in Private Equity and Venture Capital investment management at Harvard Business School.

Cory Dukes was promoted to Director of Forest Management



Cory Dukes

as our Eastern Region Senior Investment Forester. For more information, see the story featuring Cory beginning on page 12.

Cory Dukes was promoted to Director of Forest Management for TIR in September 2021 after serving in a variety of positions of increasing responsibility with us beginning in 2012. He most recently served

David Preston was hired as TIR's Eastern Region Senior Investment Forester



David Preston

role in sourcing and analyzing acquisition and strategic investment opportunities. Based in Richmond, Virginia, David also is playing a key role in identifying acquisition and other strategic investment opportunities in the Mid-Atlantic area. David came to us from Truist

David Preston was hired as TIR's Eastern Region Senior Investment Forester in January 2021. He oversees our forest operations activities in Virginia, North Carolina, and South Carolina and plays a key

(Formerly SunTrust), where he was an asset manager responsible for overseeing forests throughout the U.S. Southeast. He held a similar role for nearly 13 years with BTG Pactual's Timberland Investment Group (formerly Regions Timberland Group). In that capacity, he also oversaw forest assets in the U.S., Estonia, Hungary, and South Africa. Earlier in his career, David was a forest investment analyst and property manager with F&W Forestry Services in Georgia. He began his career with the Westvaco Corporation as a harvest manager and land classification forester and earned both an undergraduate degree and an MS in Forestry at Virginia Tech. He is a certified forester and member of the Society of American Foresters and served as an infantry team leader with the U.S. Army's 10th Mountain Division before beginning his forestry and business career.

Ryan Belcher was promoted to Senior Manager of Business



Ryan Belcher

platform. In his prior role as Client Reporting Manager in our Finance and Accounting Group, Ryan not only managed accounting, reporting and portfolio-level budgeting and modeling for several of TIR's client portfolios, he also played a key role in designing and implementing our expanded information systems architecture – an effort that focused on enhancing our ability to store, integrate, analyze, and report on a broad range of business and investment data. He also helped us expand our portfolio accounting capabilities to accommodate complex fund structures. Prior to joining TIR in February 2015, Ryan was an audit and accounting manager with Enterprise Rent-A-Car. He holds a BBA in accountancy from Marshall University.

Ryan Belcher was promoted to Senior Manager of Business Intelligence in February 2022 and is overseeing the development and expansion of TIR's investment and business intelligence systems



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35 Dover Street
London W1S 4NQ
UK
Phone: +44 20 7823 1649
www.tireurope.com

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