

downside protection

Biological Growth Element Reduces Risk

Biological tree growth, which is unaffected by the economy and invariably positive, is a unique feature that sets timberland apart from other asset classes.

Biological growth has a compounding effect in both volume and value. First, biological growth provides increasing total volume of wood. Trees, on average, can be expected to grow in volume approximately 2-8% per year, depending on location. Secondly, as diameter increases, the trees become disproportionately more valuable, with large diameter trees being disproportionately more valuable than smaller ones.

BIOLOGICAL YIELD CURVE



| Growth Sectors | PreMerch → | Pulpwood → | Chip-N-Saw → | Sawtimber ↔ | Prime |
|----------------|--|--|--|---|------------------------------|
| Age (years) | 0-10 | 11-15 | 16-22 | 23+ | 23+ |
| Growth Rate | 12%+ | 8-12%+ | 6-9%+ | 3-6%+ | 3-4%+ |
| Income Yield | N/A | Moderate | Moderate | High | High |
| Products | None | Paper, Particle Board, Wafer Board, Diaper Fill, Chemicals | Dimensional Lumber: 1x4s, 2x4s, 4x4s, etc. Pulpwood Products | Dimensional Lumber: 2x6s, 2x8s, 2x10s, 2x12s, etc. Plywood Products | Telephone Poles, Wide Boards |
| Minerals | Oil, Gas, Brine, Coal, Sand, Iron Ore, etc. | | | | |
| Other | Hunting and Recreational Leases, Pine Straw, Maple Sugar, etc. | | | | |