

NCREIF
SUMMER WEBINAR SERIES

2024



NCREIF Timberland 101:

A history of Timberland Investment Management Organizations & an Introduction to NCREIF timberland performance products

What is a TIMO?

- “TIMO” = Timberland Investment Management Organization
- Third party asset or investment manager for predominately institutional investors
- Serve as fiduciary for investor capital
- Property management may be integrated or outsourced
- Investment vehicles are private equity; most are fee simple ownership of timberlands
- Typically utilize low to no debt financing

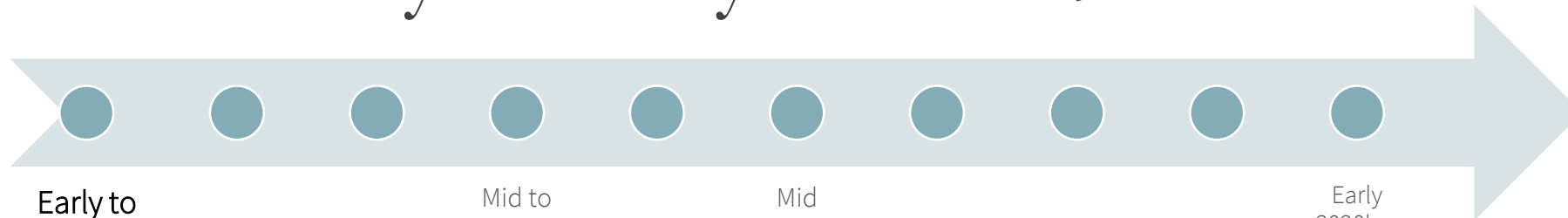
Timberland Investment Thesis

- Long-term capital appreciation
- Good diversification within traditional portfolio from low correlations to other assets
- Biological growth underpins returns
- Low volatility, relatively high Sharpe ratio
- Potential inflation hedge
- Real asset & commodity attributes
- Sustainable – the original “green” asset

NCREIF vs. Timberlink

	NCREIF	Timberlink
Participants	13	22
Frequency	Quarterly	Bi-annual
Start date	1989	2005
Asset base	U.S. only	Global
Reporting	Returns	AUM only
Requirements	Appraisal	Self-reported

The Pioneer Days – Early to Mid 1980's



Early to mid 1980's – Pioneers

Mid to late 1990's – 2nd gen

Mid 2000's – Forest product corps divest

Early 2020's – New names, same faces

Capital

- US\$29 million
- Mostly US investors

Acreage

- 93% US South
- 7% Pacific Northwest

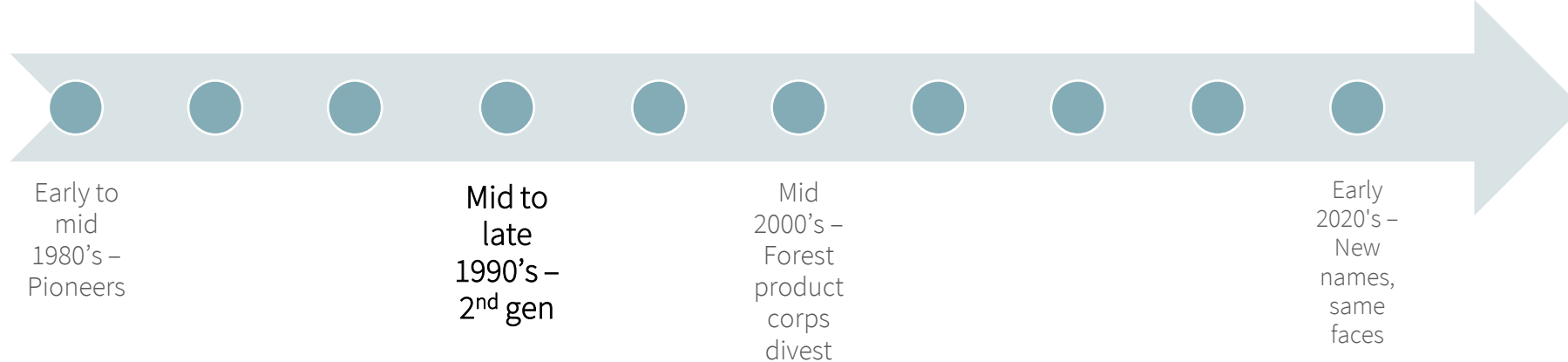
Investor Objectives

- 1987 – 1994: 20% real returns
- Pure timberland private equity

TIMOs

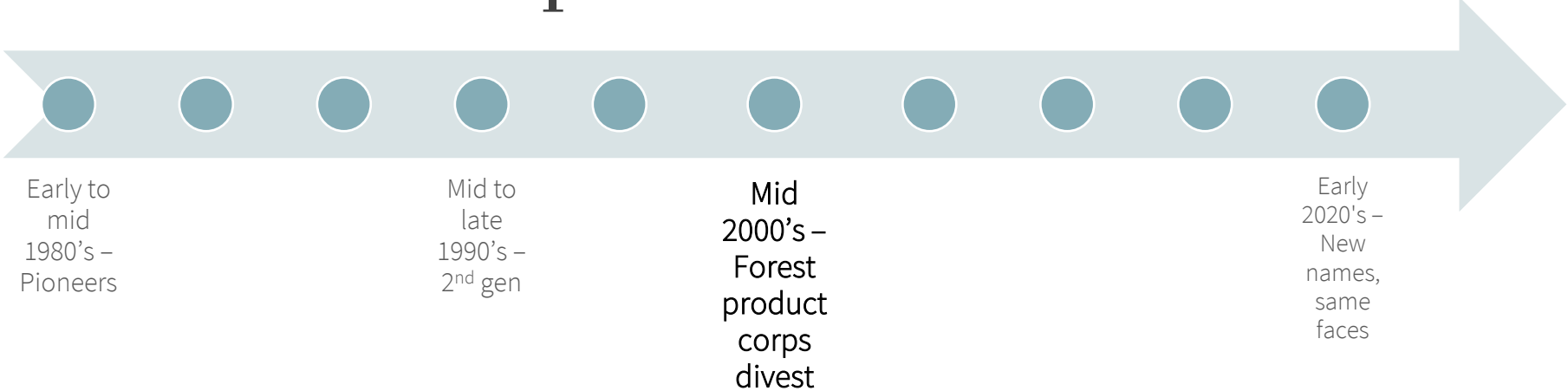
- Sparked by ERISA & tax code changes
- 4 firms develop NCREIF index

The Second Gen Pioneers – Mid to Late 1990's



Capital	Acreage	Investor Objectives	TIMOs
<ul style="list-style-type: none"> • US\$2 billion • Still mostly US investors 	<ul style="list-style-type: none"> • 63% US South • 20% Pacific Northwest • 18% Northeast 	<ul style="list-style-type: none"> • 1995 – 2003: 5% real • Inflation hedging & risk profile demonstrated by better data 	<ul style="list-style-type: none"> • Industry doubles to about 15 firms • Markets more efficient

Forest Products Corps Divest – Mid 2000's



Capital

- US\$16 billion; US\$24 billion post-IP deal (2006 YE)
- Non-US investors begin investing at scale

Acreage

- 40% US South
- 15% Pacific Northwest
- 25% Other North America
- 7% South & Central America
- 12% New Zealand & Australia

Investor Objectives

- 2004 – 2006: 11% real
- Opportunistic priorities emerge

TIMOs

- Industry doubles again to 28+ firms
- Massive deal flow

The Post GFC Modern Era



Capital

- US\$55 billion
- Majority of investors are ex-US

Acreage

- 37% US South
- 12% Pacific Northwest
- 19% Other North America
- 13% South & Central America
- 18% New Zealand & Australia

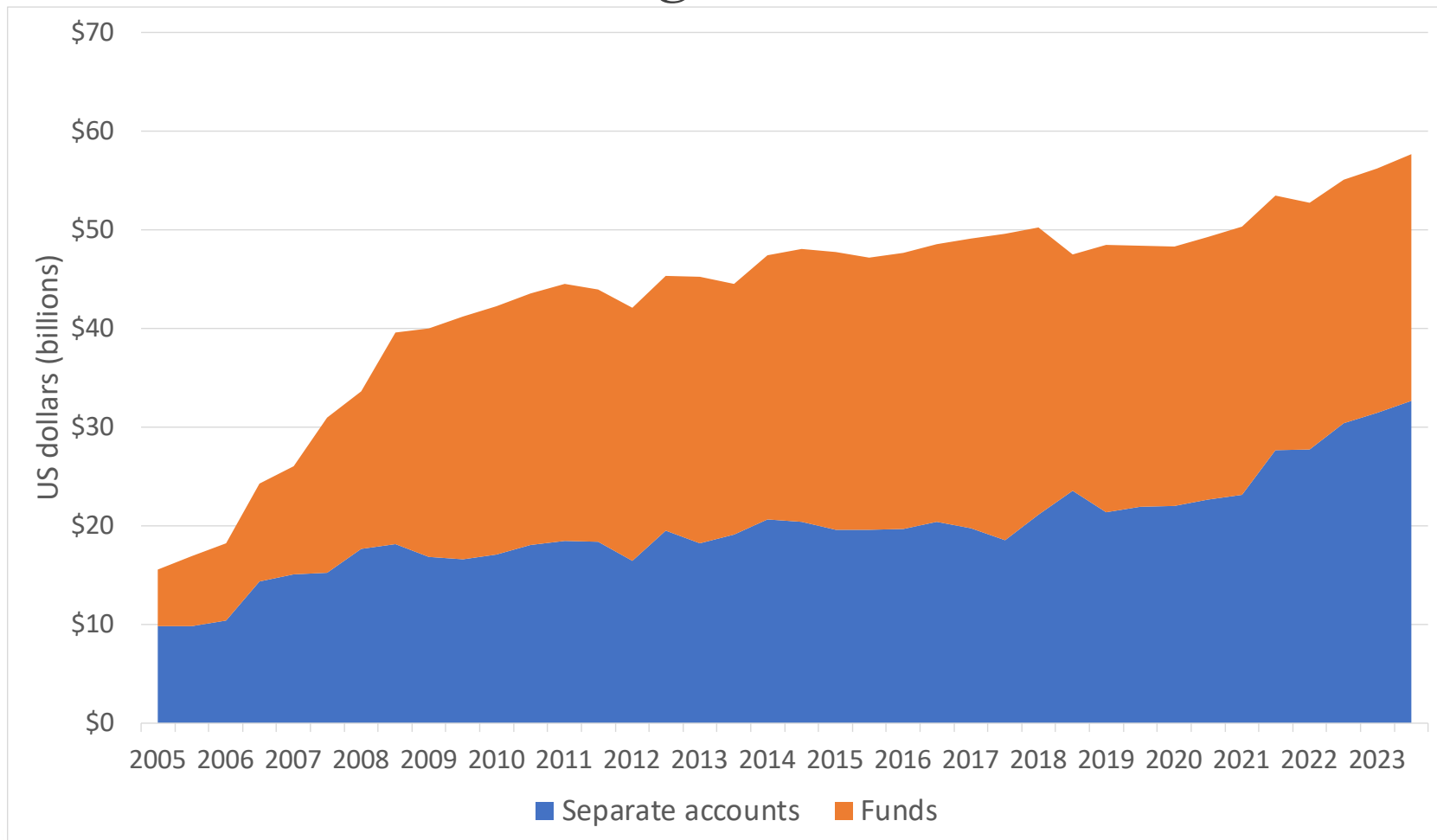
Investor Objectives

- 2007 – 2022: 3% real
- Shift to investor governance, more control

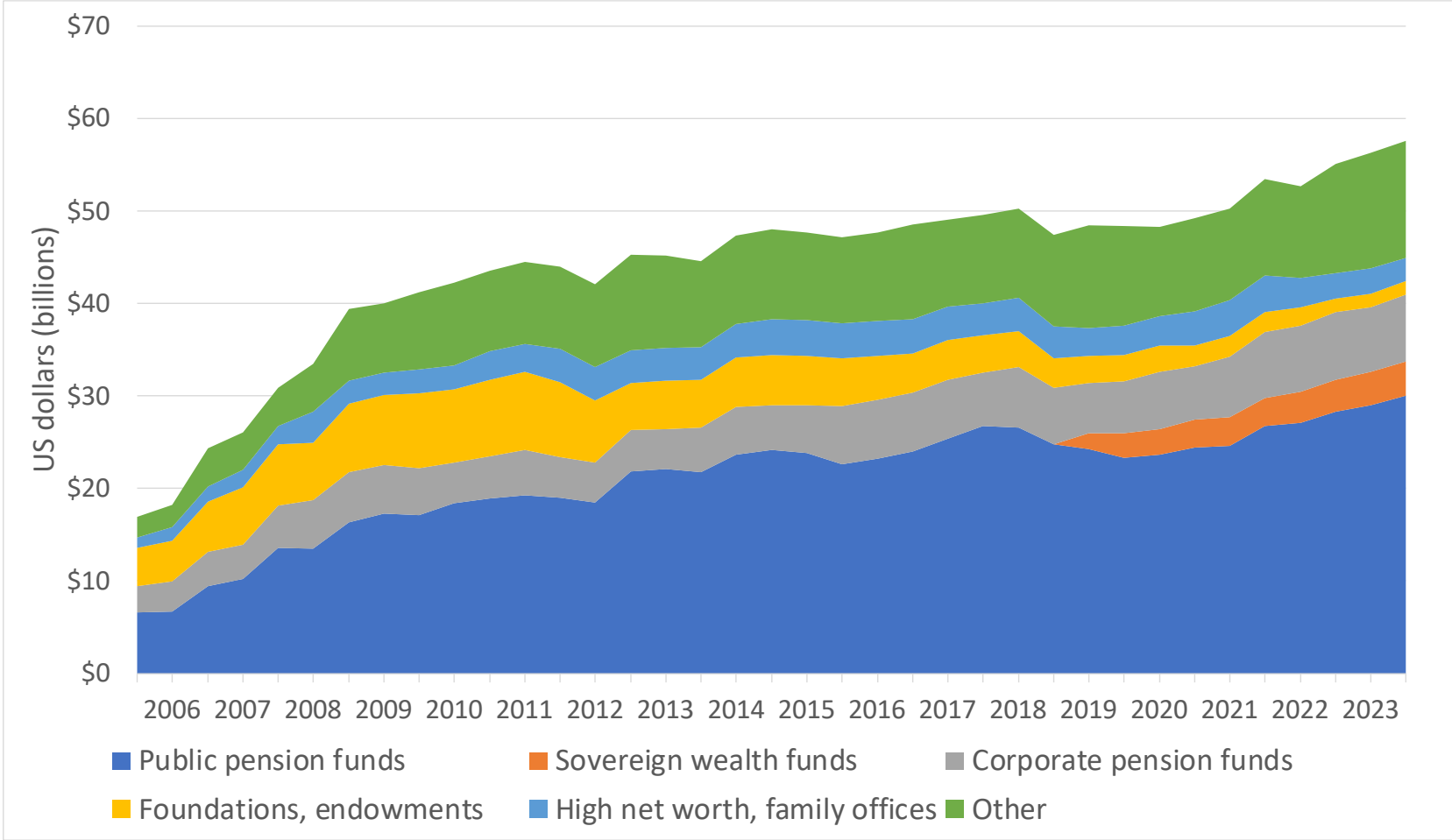
TIMOs

- Buyouts & successions
- Inter-TIMO transactions, some with REITs

Total Assets Under Management

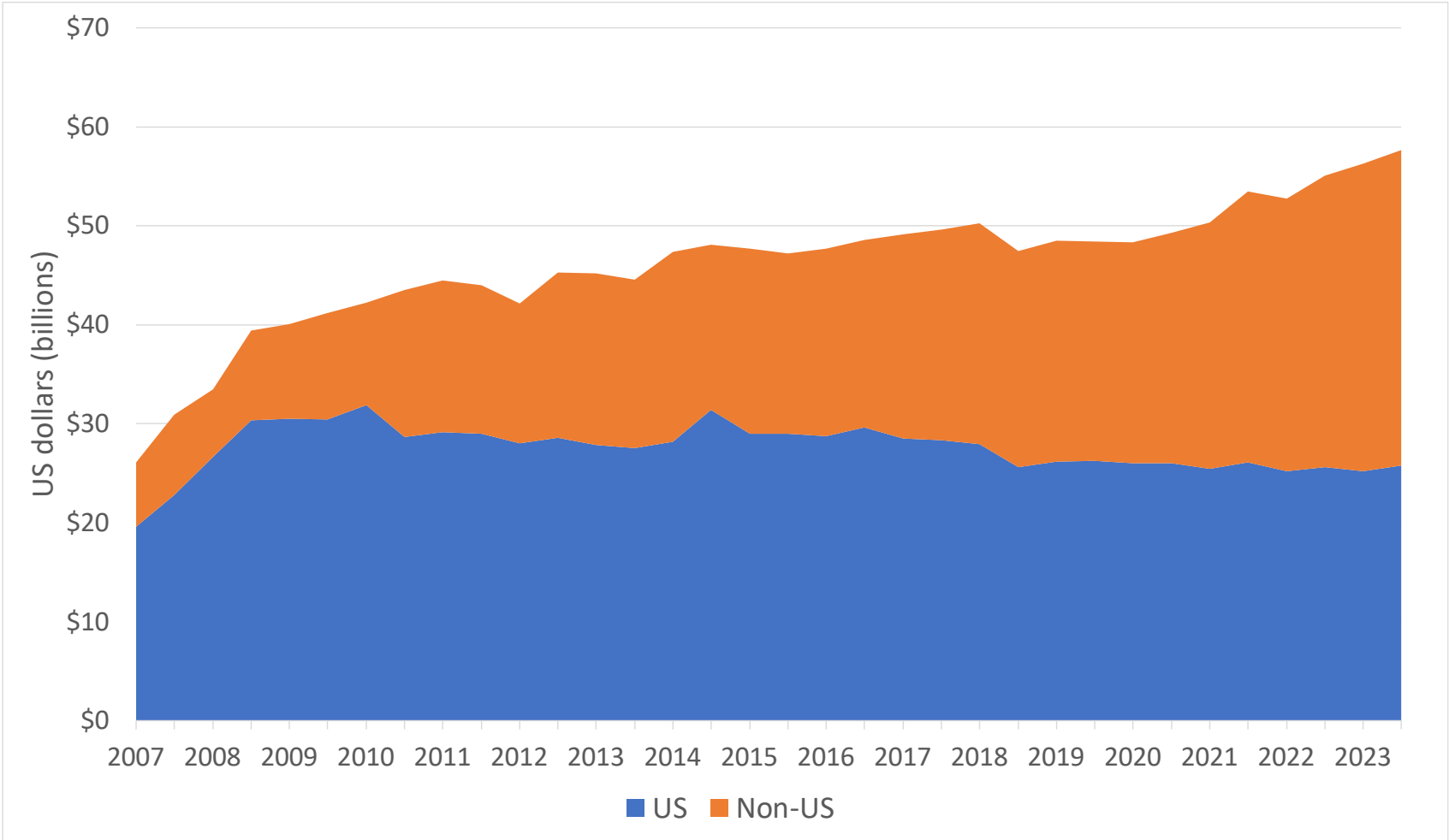


Investor Types



SOURCE: TimberLink's survey of TIMO AUM as of 31 December 2023

Investor Domicile



SOURCE: TimberLink's survey of TIMO AUM as of 31 December 2023

Trends to Watch

Capital

- Demand may outpace supply
- Rebirth of funds, especially evergreen

Acreage

- More investment into hardwoods, natural & greenfield for carbon
- Reignited interest in South America

Investor objectives

- 2023+: 5-6% real returns
- Legacy: pure timber
- New money: natural capital

TIMOs

- Need more with “boots on the ground” experience
- Enhanced silviculture through new technologies

NCREIF Mission Statement

- “NCREIF is a member-driven, not-for-profit association that improves private real estate investment industry knowledge by providing transparent and consistent data, performance measurement, analytics, standards and education.”

More than Data:

- NCREIF members contribute to the industry by participating in committee work and reporting standards development.
- Providing forums with strong educational content to address industry issues and to improve industry best practices
- Publishing informed, industry-related articles and reports
- NCREIF hosts 2 conferences a year.
- Education: NCREIF Academy

- Data Collection for Timber membership
- Quarterly Cycle for Data collection. Members submit template through NCREIF portal
- Collection of financial and non-financial data points
- Data is aggregated to build Timber property and Fund indices
- Confidentiality and Masking rules in place, no individual member data is available to membership

TIMBERLAND

Timberland Property Index

Released: 07/25/24

Next Release: 10/25/24



PDF (5 MB)

2q2024
Timberland
Property Detail
Report



XLS (87 KB)

2q2024
Timberland
Property
Spreadsheet



PDF (801 KB)

1q2024
Timberland Fund
Detail Report



XLS (83 KB)

1q2024
Timberland Fund
Spreadsheet



PDF (556 KB)

1q2024
Timberland Fund
Snapshot

Timberland Fund and Separate Account Index (NTFSAI)

Released: 05/20/24

Next Release: 08/20/24

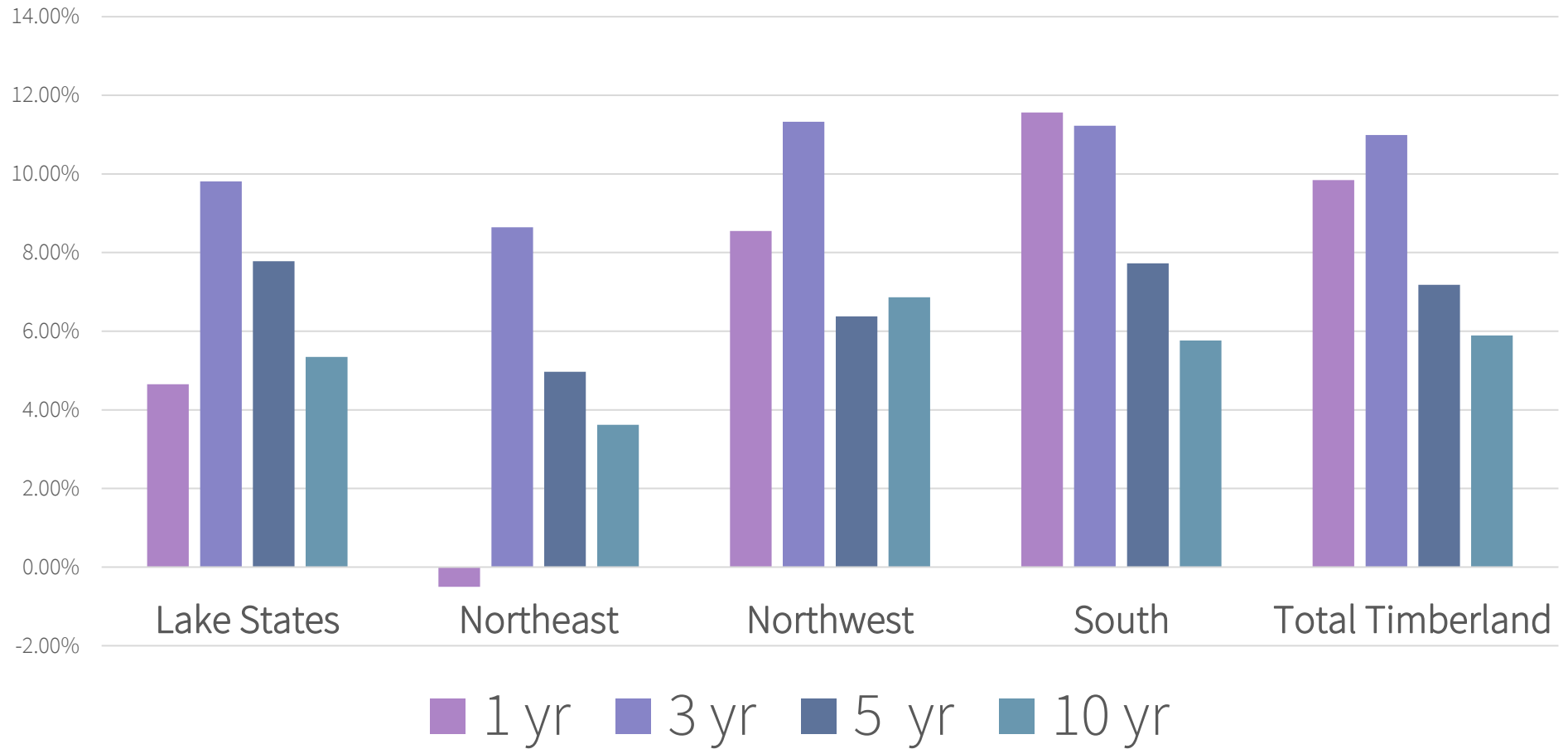
NCREIF Timberland Property Index

Data through June 30, 2024

<i>Total Index</i>	Market Value			Mkt Value		Returns (%)							
	Props	Years	(\$ millions)	Acres	Per Acre	2024/2	2024/1	2023/4	2023/3	2023/2	YTD	1 Year	
Total Timberland	443	37.50	27,560.5	12,606,049	2,186	Total Return:	1.71	2.12	4.34	1.37	1.71	3.86	9.84
						Appreciation Return:	1.22	1.60	3.67	0.73	1.08	2.83	7.37
						EBITDDA Return:	0.49	0.52	0.67	0.64	0.63	1.01	2.34
<i>Regional Subindexes</i>	Market Value			Mkt Value		Returns (%)							
	Props	Years	(\$ millions)	Acres	Per Acre	2024/2	2024/1	2023/4	2023/3	2023/2	YTD	1 Year	
South	303	37.50	17,637.3	8,025,551	2,198	Total Return:	1.93	2.09	5.35	1.77	1.73	4.05	11.56
						Appreciation Return:	1.47	1.49	4.58	1.03	0.94	2.98	8.80
						EBITDDA Return:	0.46	0.60	0.77	0.74	0.79	1.06	2.59
Northwest	84	37.50	7,387.5	2,171,582	3,402	Total Return:	1.72	2.74	3.14	0.70	1.86	4.51	8.55
						Appreciation Return:	1.21	2.42	2.55	0.32	1.52	3.66	6.65
						EBITDDA Return:	0.51	0.32	0.59	0.38	0.34	0.83	1.82
Northeast	39	30.50	1,292.8	771,332	1,676	Total Return:	-0.57	-0.23	0.42	-0.12	0.84	-0.80	-0.50
						Appreciation Return:	-1.44	-0.80	0.31	-0.82	0.58	-2.23	-2.73
						EBITDDA Return:	0.87	0.57	0.11	0.70	0.26	1.44	2.27
Lake States	15	16.00	1,067.8	1,525,084	700	Total Return:	0.71	1.14	1.80	0.92	1.54	1.86	4.65
						Appreciation Return:	0.45	0.59	1.29	0.29	1.06	1.04	2.63
						EBITDDA Return:	0.27	0.55	0.51	0.63	0.48	0.82	1.98

<i>Total Index</i>	Annualized Returns (%)															Begin Quarter
	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs	9 Yrs	10 Yrs	15 Yrs	20 Yrs	Incept			
Total Timberland	Total Ret:	9.84	10.49	10.99	8.96	7.18	6.46	6.05	5.70	5.44	5.89	5.03	7.12	10.72	1986/4	
	Apprec Ret:	7.37	7.80	7.99	5.95	4.29	3.56	3.11	2.80	2.59	3.02	2.26	4.04	5.89		
	EBITDDA Ret:	2.34	2.54	2.83	2.88	2.80	2.83	2.87	2.84	2.81	2.81	2.73	2.99	4.66		

Timberland Annualized Returns





Timberland Fund & Separate Account Index

Quarter-ended 3/31/2024

Released 5/20/2024

Timberland Fund & Separate Account Index

Time-Weighted Returns Gross Total Return = GTR Net Total Return = NTR	Current QTR Ended 3/31/2024	Prior QTR Ended 12/31/2023	Quarter Change	1 Year	3 Years
All Funds GTR	2.27%	4.42%	-2.15%	9.96%	11.68%
All Funds NTR	2.07%	4.20%	-2.13%	8.93%	10.61%

Other Indices

Time-Weighted Returns Gross Total Return	Current QTR Ended 3/31/2024	Prior QTR Ended 12/31/2023	Quarter Change	1 Year	3 Years
Forisk Timber REIT (FTR)	3.01%	14.42%	-11.41%	17.31%	5.79%
NAREIT All Equity REIT Index	-1.30%	17.98%	-19.28%	8.02%	2.47%
NCREIF ODCE (NFI-ODCE)	-2.37%	-4.83%	2.46%	-11.28%	3.37%
NCREIF Property Index(NPI)	-0.98%	-3.02%	2.04%	-7.16%	3.63%
Russell 3000	10.00%	12.00%	-2.00%	29.20%	9.75%
S&P 500 Index	10.46%	11.69%	-1.23%	29.77%	11.46%
T-Bills (90 day)	1.32%	1.36%	-0.04%	5.31%	2.59%
Timberland Property Index	2.12%	4.34%	-2.22%	9.85%	10.99%

Timberland Fund & Separate Account Index - Equal-weight

Time-Weighted Returns Gross Total Return = GTR Net Total Return = NTR	Current QTR Ended 3/31/2024	Prior QTR Ended 12/31/2023	Quarter Change	1 Year	3 Years
All Funds GTR	2.25%	4.93%	-2.68%	11.89%	14.16%
All Funds NTR	2.04%	4.71%	-2.67%	10.77%	13.02%

NCREIF Timberland Fund and Separate Account Index

March 31, 2024

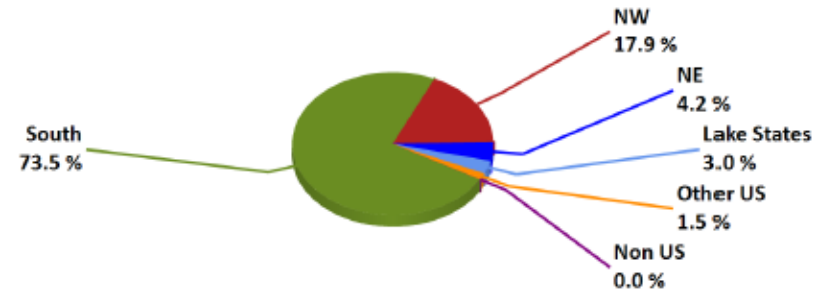
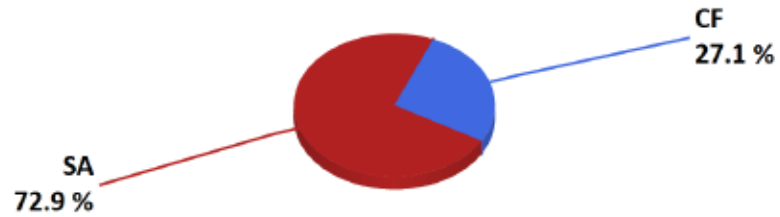
Time-Weighted Returns Index	Count	End Net Assets	QTR	1yr	3yr	5yr	5yr Std Dev	5yr Sharp Ratio	7yr	10yr	10yr Std Dev	10yr Sharpe Ratio
All VW GTR	78	\$19,476.7	2.27%	9.96%	11.68%	7.52%	3.31%		5.86%	5.69%	3.18%	1.439
All VW NTR			2.07%	8.93%	10.61%	6.63%	3.23%		5.02%	4.89%	3.10%	1.312
All EW GTR			2.25%	11.89%	14.16%	10.33%	4.06%		7.94%	7.18%	3.58%	2.642
All EW NTR			2.04%	10.77%	13.02%	9.29%	4.02%		6.88%	6.17%	3.53%	2.446
CF VW GTR	21	\$5,668.0	2.06%	8.56%	12.30%	7.73%	4.30%		5.25%	4.51%	4.34%	0.620
CF VW NTR			1.66%	6.52%	10.23%	6.18%	4.08%		3.91%	3.32%	4.17%	0.462
CF EW GTR			1.99%	11.30%	12.57%	8.15%	3.52%		6.18%	5.49%	3.29%	1.536
CF EW NTR			1.62%	9.53%	10.80%	6.66%	3.37%		4.72%	4.21%	3.14%	1.274
SA VW GTR	57	\$13,808.7	2.35%	10.54%	11.33%	7.38%	3.09%		6.25%	6.51%	2.94%	2.085
SA VW NTR			2.24%	9.97%	10.74%	6.81%	3.08%		5.66%	5.92%	2.89%	2.026
SA EW GTR			2.34%	12.10%	14.67%	11.09%	4.87%		8.56%	7.79%	4.18%	2.913
SA EW NTR			2.19%	11.23%	13.77%	10.22%	4.88%		7.66%	6.89%	4.15%	2.828

Time-weighted Returns are leveraged and annualized for periods greater than a year. All is All Funds, VW is Value-weight, GTR is Gross Total Return, NTR is Net Total Return, CF is commingled Funds and SA is Separate Account.

- TFSAI Snapshot and PDF Detailed Report
- Snapshot shows current quarter and previous quarter returns, equal and value weighted Snapshot provides other market indices
- PDF Detail report: Gross and Net returns for quarter, as well as annualized returns for 1, 3, 5, 7, and 10 year.

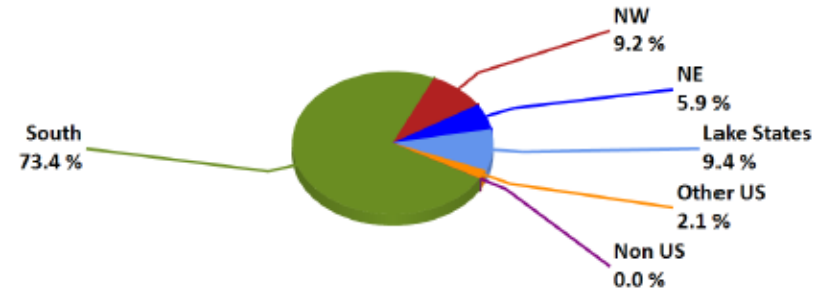
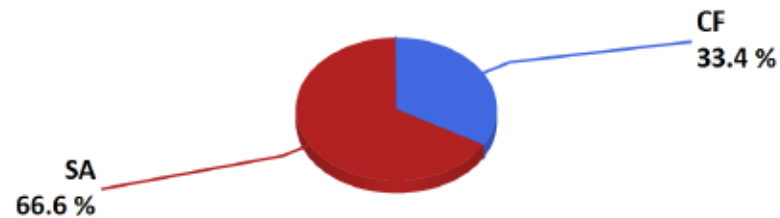
Gross Market Value

20,030.7 (\$millions)



Timber Acres

8,917.2 (000's)



Questions?

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NCREIF Data and Products: Amy Hannon, ahannon@ncreif.org and
Madeline Brown, mbrown@ncreif.org

NCREIF Membership: Ray Belliveau, rbelliveau@ncreif.org

Timberlink LLC: Tracy Buran Evens, tevens@timberlink.net

Thank you!

NCREIF Timberland Committee

www.NCREIF.org



NCREIF

national council of real estate
investment fiduciaries