Valuing forestry assets under climate and carbon uncertainty

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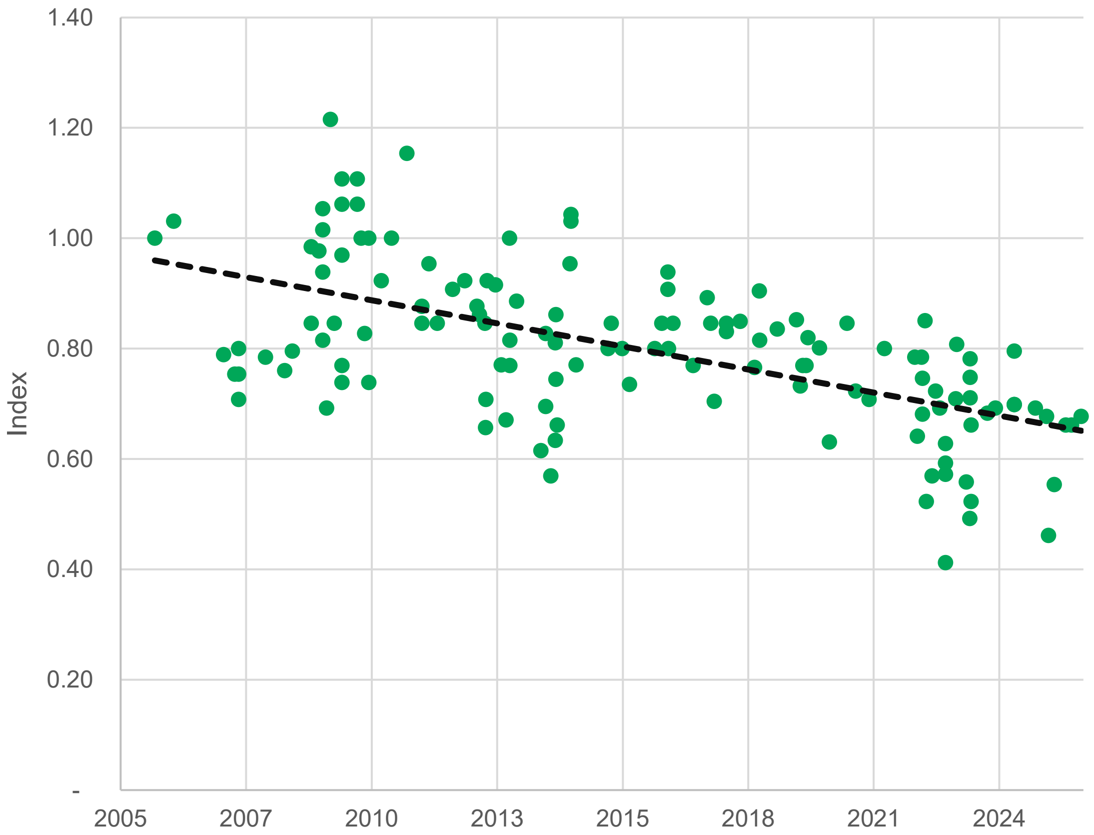
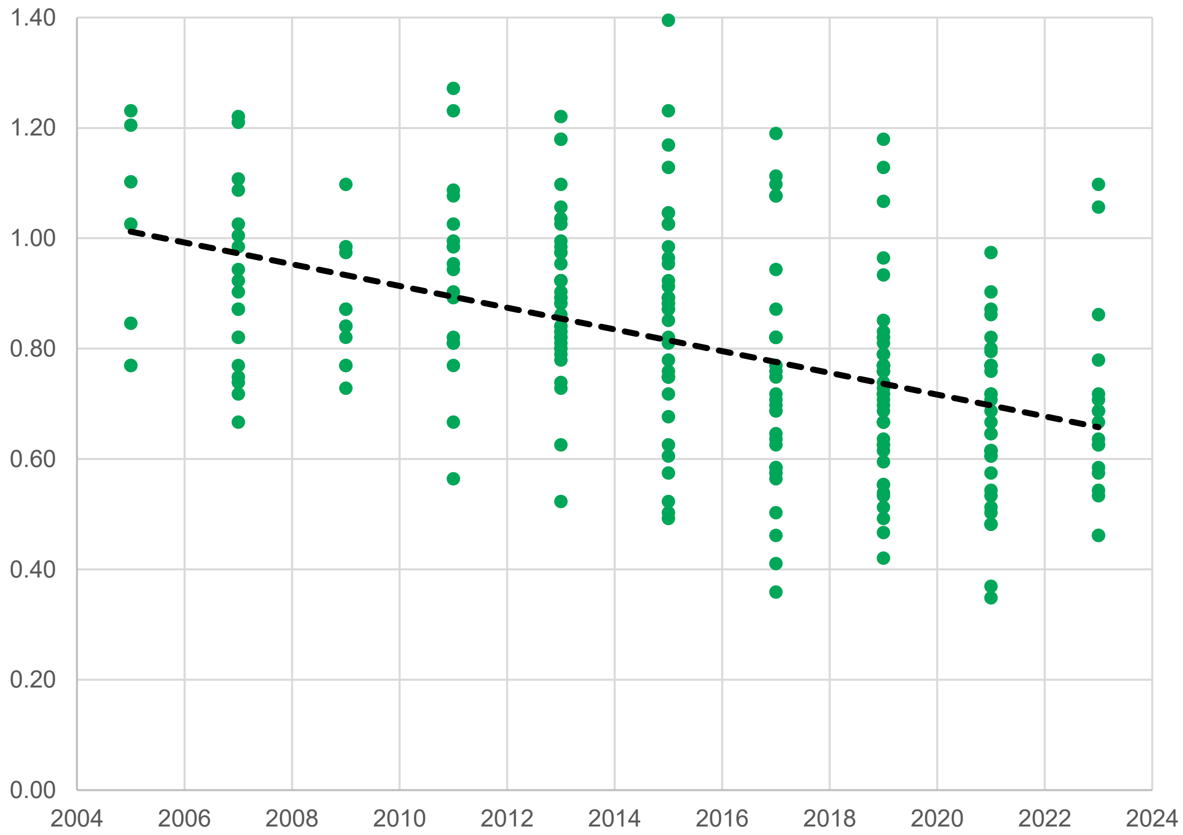
Transaction evidence points to steady downward trend in discount rates and increased dispersion

Lower rates (higher values) do not necessarily reflect a shift in return expectations or perceived risk

Index of implied discount rates from transactions in the US South[1]
2005 = 1.00



Index of implied discount rates from transactions in Australia and New Zealand[2]
2005 = 1.00



Source: 1. Manulife Investment Management Research, March 2026, 2. Manulife Investment Management and Bruce Manley

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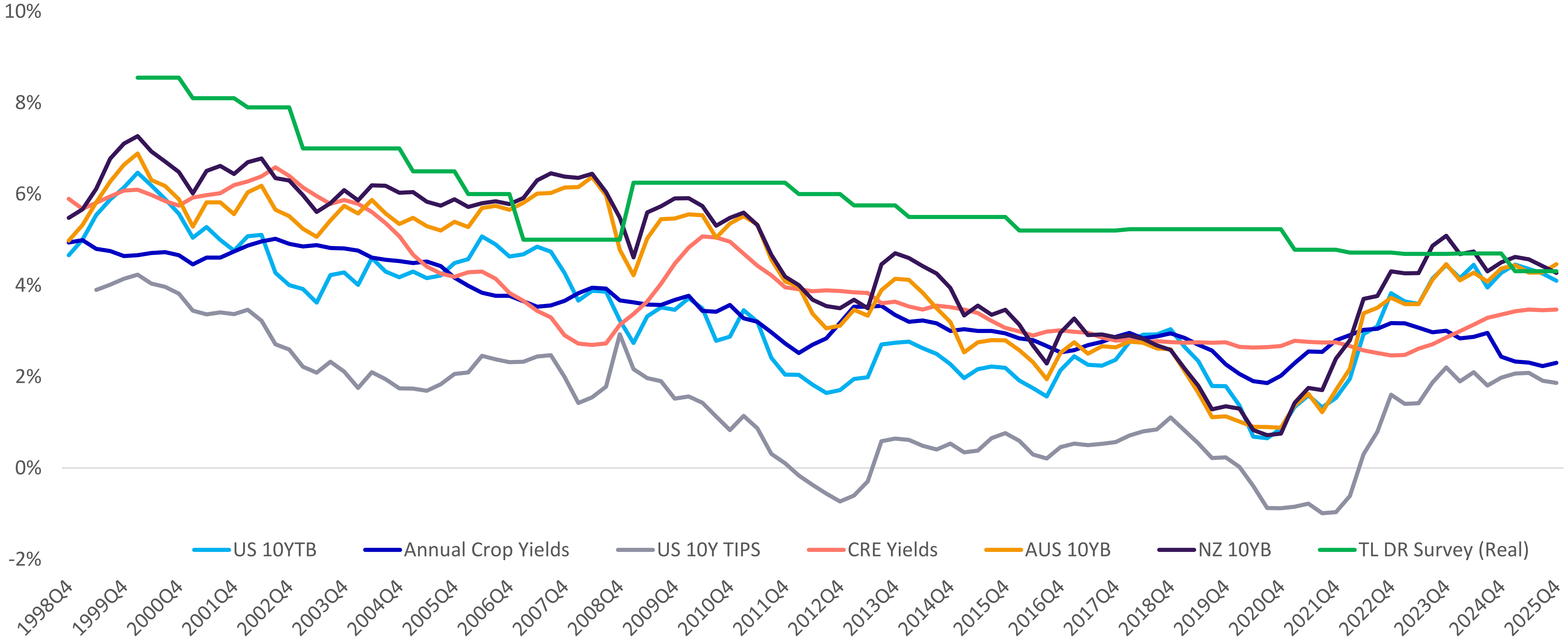
Timberland discount rates hold while yields for other assets rise

Real Timberland Discount Rates, Cash Yields for Government Bonds, US Annual Crops & US Commercial Real Estate



Sources: Macrobond as of January 2026, NCREIF, as of January 2026.Note: NCREIF Farmland as of January 2026. CRE October 2026; TL Surveys MBG, January 2026

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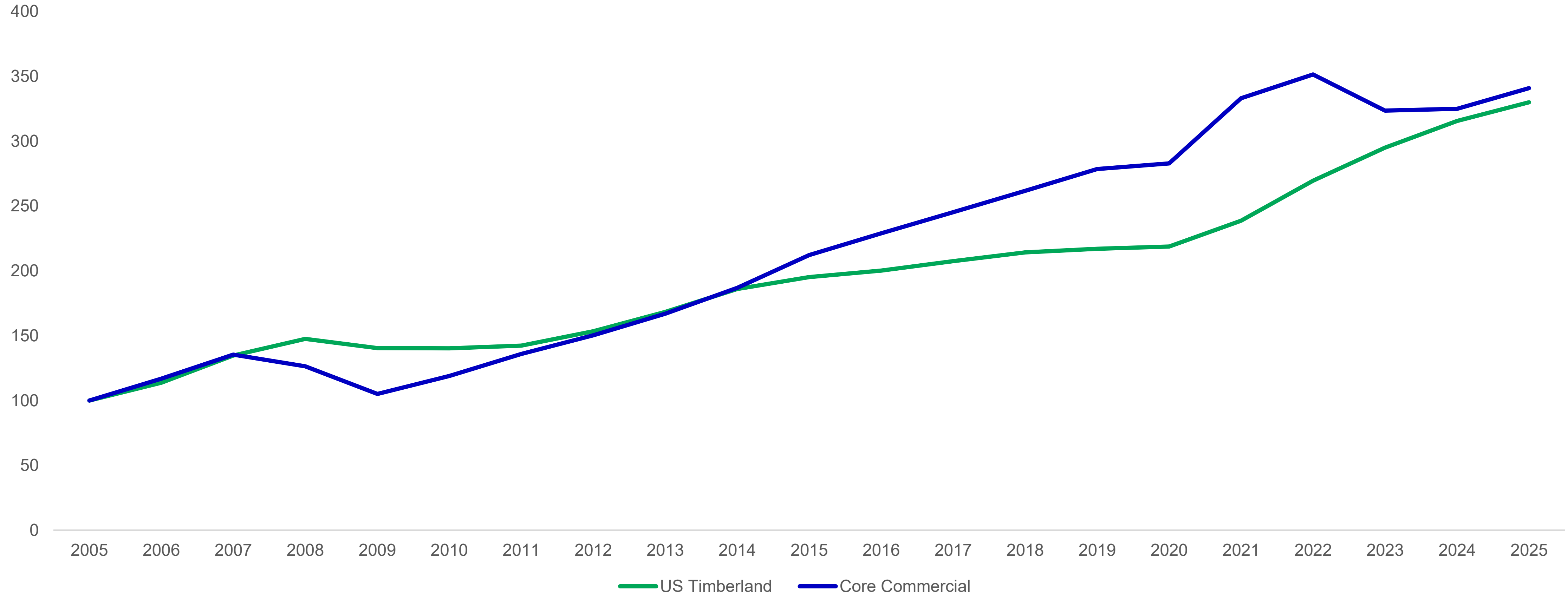
Steady US timberland returns keep pace with commercial real estate

Relative Value of Private Timberland vs. Commercial Real Estate

Cumulative performance of U.S. Timberland and U.S. Commercial Real Estate based on NCREIF total returns (Index = 100 in 2005)



Source: NCREIF, Manulife IM Research, as of January 2026.

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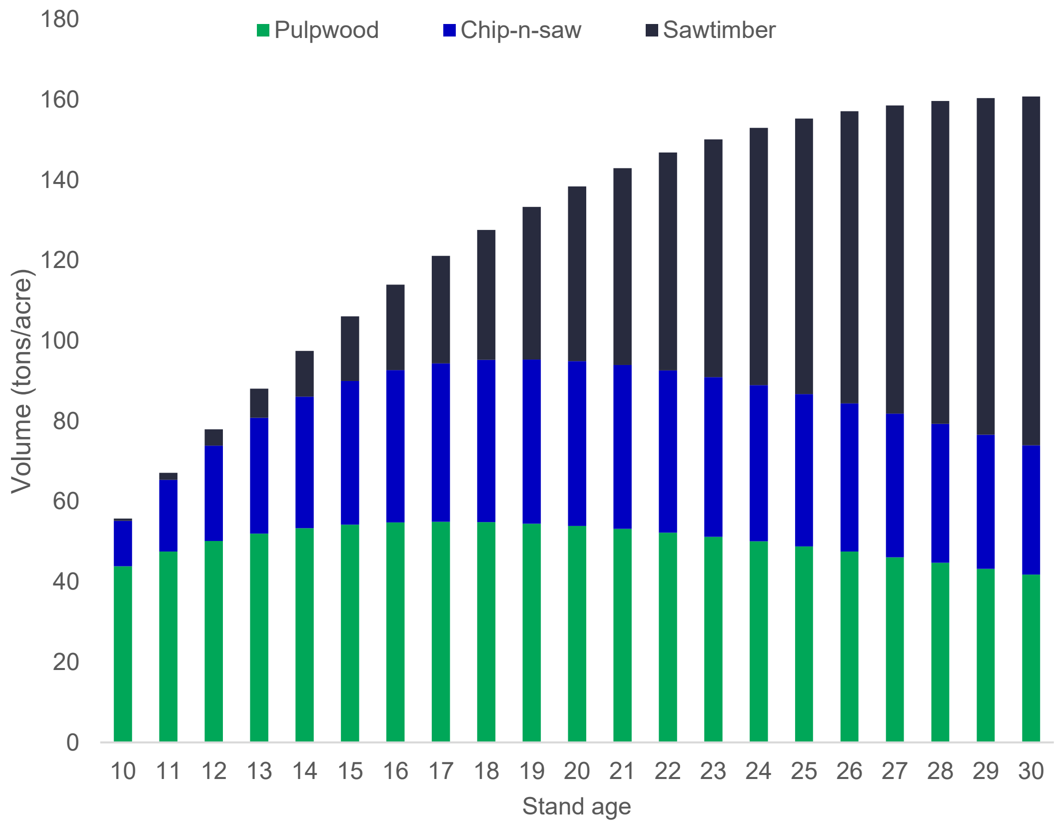
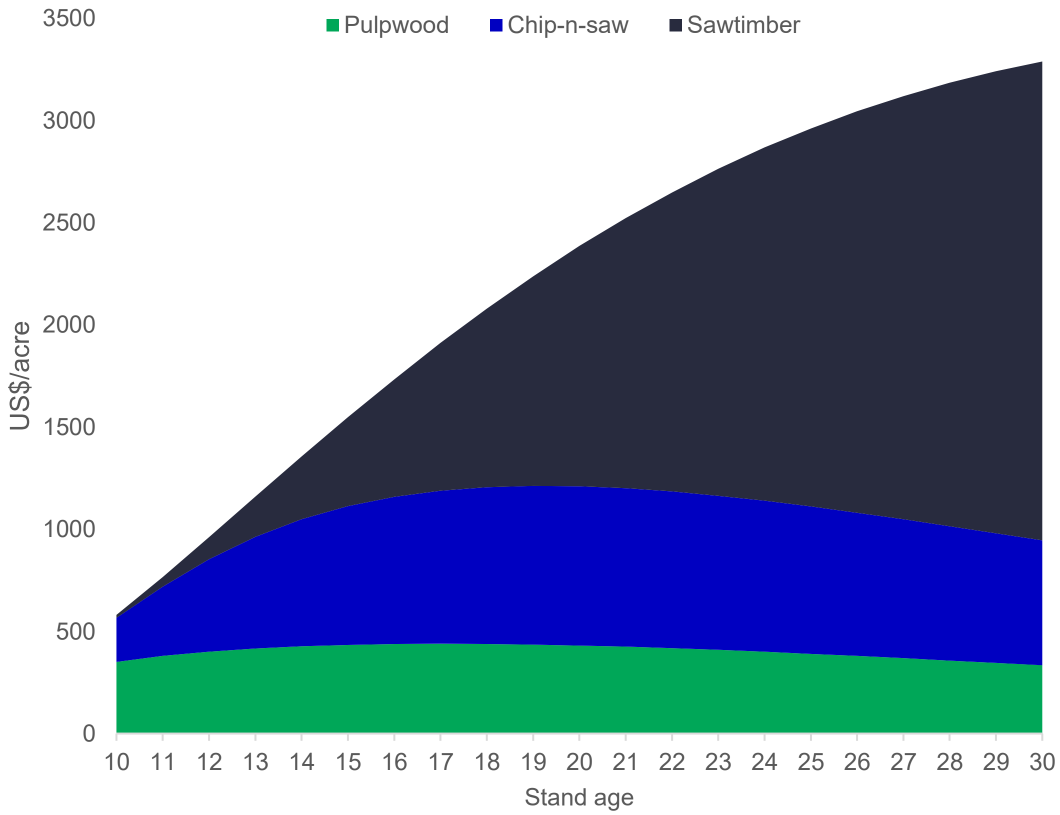
Timberland's biological characteristics bolster long-term value and add optionality

Biological growth expands timber volume



Timber increases in volume and value



Source: Manulife Investment Management Timberland sample U.S. south timberland property model assumes flat prices of $8/tone for pulpwood, $19/tone for chip-n-saw, and $27/ton for sawtimber. As of September 29, 2023.

Timberland is strategically well positioned to capitalize on global megatrends

Decarbonization

Timberland and agriculture are nature-based climate solutions, offering carbon sequestration and climate-smart practices that align with global sustainability goals and unlock new revenue streams.

Demographics

Aging populations and rising global food demand are driving investment in sustainable land use, succession planning, and yield-enhancing technologies to meet long-term consumption needs.

Digitization

Precision technologies like AI-driven forest analytics, drones, and soil sensors are enhancing yield, sustainability, and transparency. Digital platforms are unlocking new markets for ecosystem services.

De-Globalization

Regionalization is reshaping supply chains, elevating the importance of domestic food and fiber production. Managers must navigate tariff risks, labor constraints, and local policy shifts to ensure resilience.

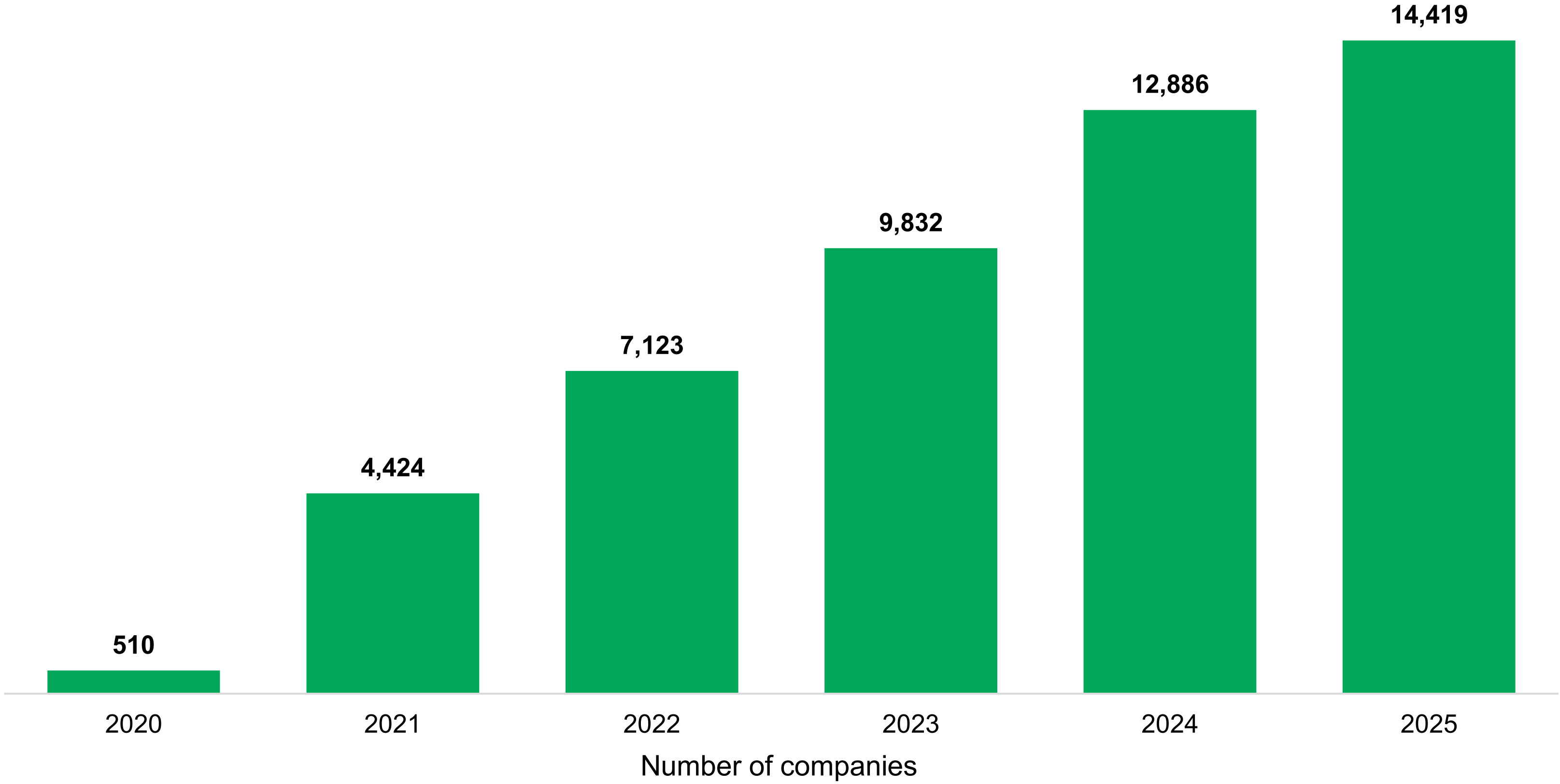
Democratization

New fund structures and digital platforms are expanding access to timberland and agriculture, making natural capital a core allocation option for DC plans, retail investors, and smaller institutions.

For illustrative purposes only.

The private sector is committing to climate goals, often with unclear pathways for achievement

Private sector net zero commitments[1]



Sources: 1. “Join the Race, Who’s In”; January 2026, available at https://www.climatechampions.net/campaigns/race-to-zero/whos-in/. 2. Climate Impact Partners 2024, references Fortune 500 companies committed to carbon neutral, net zero, near term Science Based Targets or RE100 targets, available at https://explore.climateimpact.com/quiet-climate-action-2024. 3. “Companies Taking Action”, January 2026, available at https://sciencebasedtargets.org/companies-taking-action. 4. “Net Zero Tracker, Data Explorer”, January 2026, available at https://zerotracker.net/#data-explorer. Companies represent percentage of 3,096 companies responding with published plan for achieving net zero. There can be no assurance that net zero will be reached by the companies that make a commitment to net zero or that commitments to net zero will continue to increase.

69%
of Fortune 500 companies[2]

575
financial institutions have set a climate commitment[1]

12,000+
companies have set emissions reductions targets through SBTi[3]

>30%
of companies don’t have a detailed climate plan[4]

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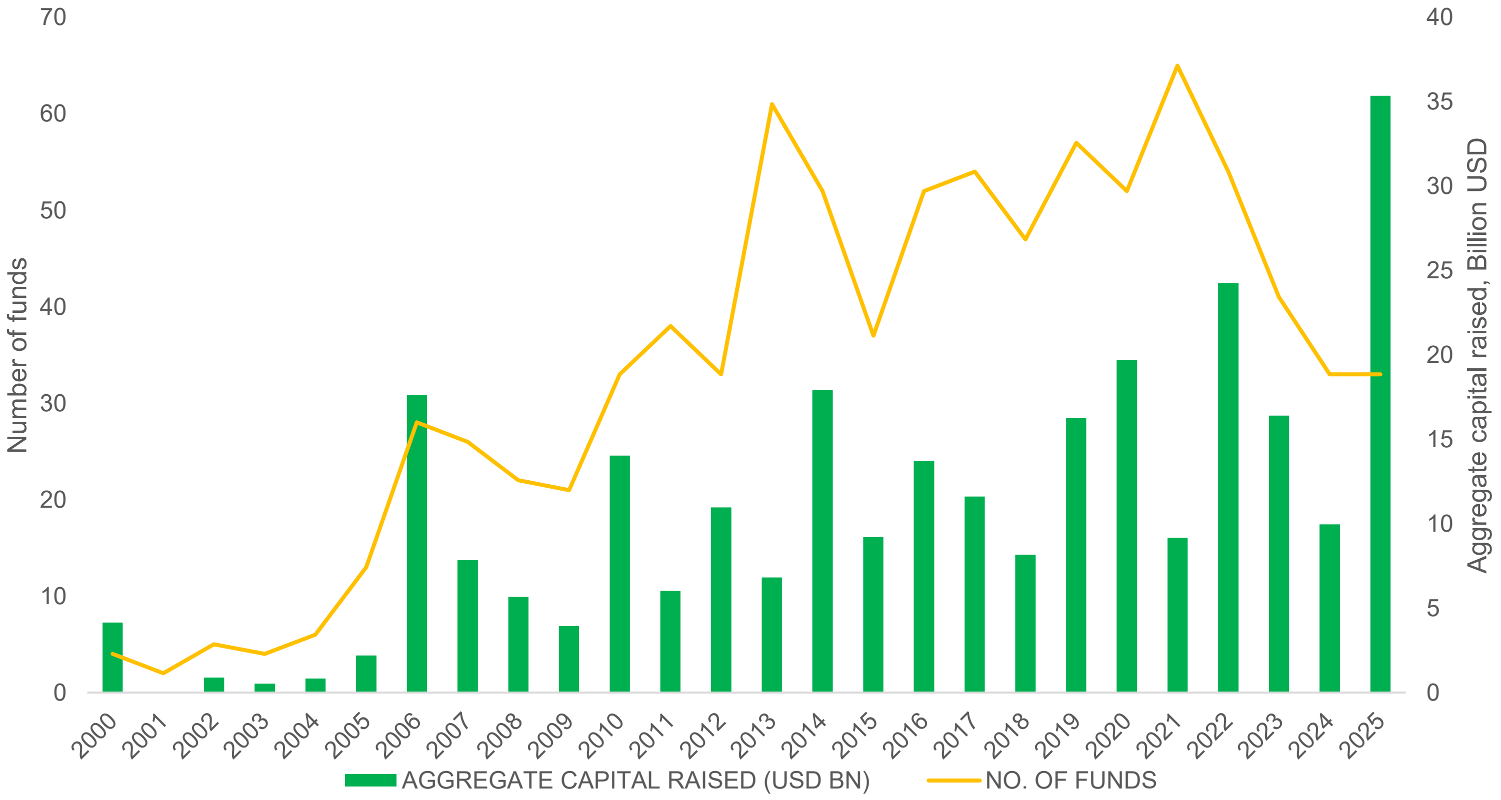
Natural capital investing continues to expand with diversified investment objectives across a wider base of investors

Capital raised for timberland, farmland, diversified natural resources and water continues to grow



Natural capital as an asset class attracts increasing interest as it offers attractive risk-adjusted returns and potentially offers low correlation to traditional assets[2]

Natural capital offers investors an expanding set of opportunities to generate value and financial returns while incorporating specific environmental or societal outcomes in their business model, putting them at the center of their strategy

The increasing recognition of these opportunities is changing investor composition Manulife IM is seeing the entry of new investor types, corporates, which differ from the traditional institutional investor

1. Preqin Pro. 2. Financial Review. Why your modern portfolio should be investing in Australian farmland. https://www.afr.com/markets/debt-markets/how-natural-capital-stacks-up-to-modern-portfolio-theory

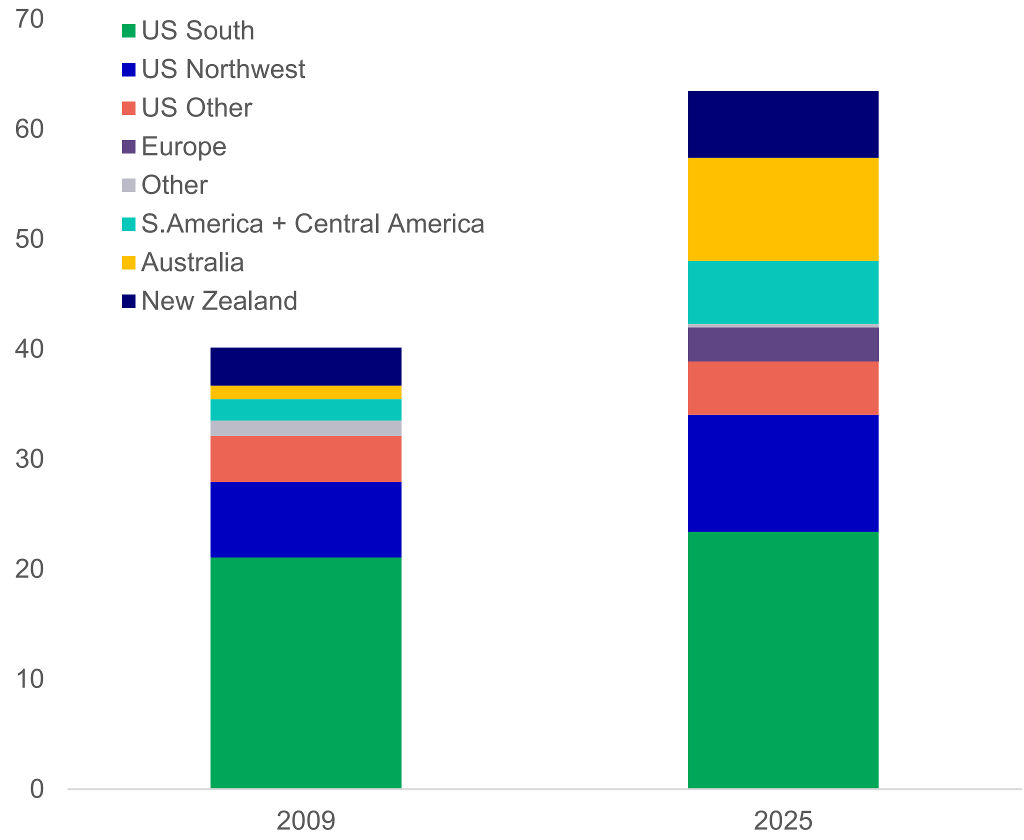
Expanding set of value creation opportunities enhance nature-positive benefits while bolstering returns

- Manage forests for multiple nature-based products—carbon, bioenergy, maple syrup, biochar, pine straw, honey, wildlife
- Lease land for solar, wind, and recreation
- Capture value through conservation and sale of easements
- Growing opportunity set and optionality of land management

Global TIMO AUM expands with more diversified geographic footprint and investor base with varied objectives and focus

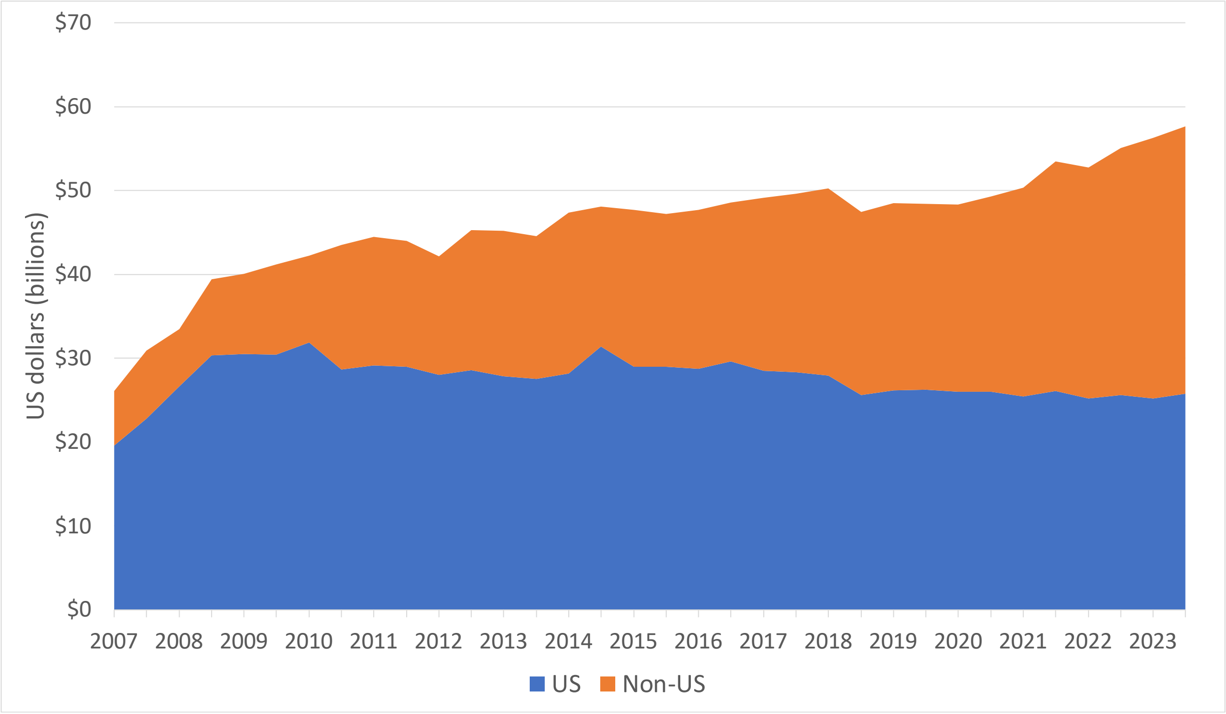
TIMO global AUM up nearly 60% since 2009 with increased geographic diversification

TIMO AUM by major investment region, Billion USD

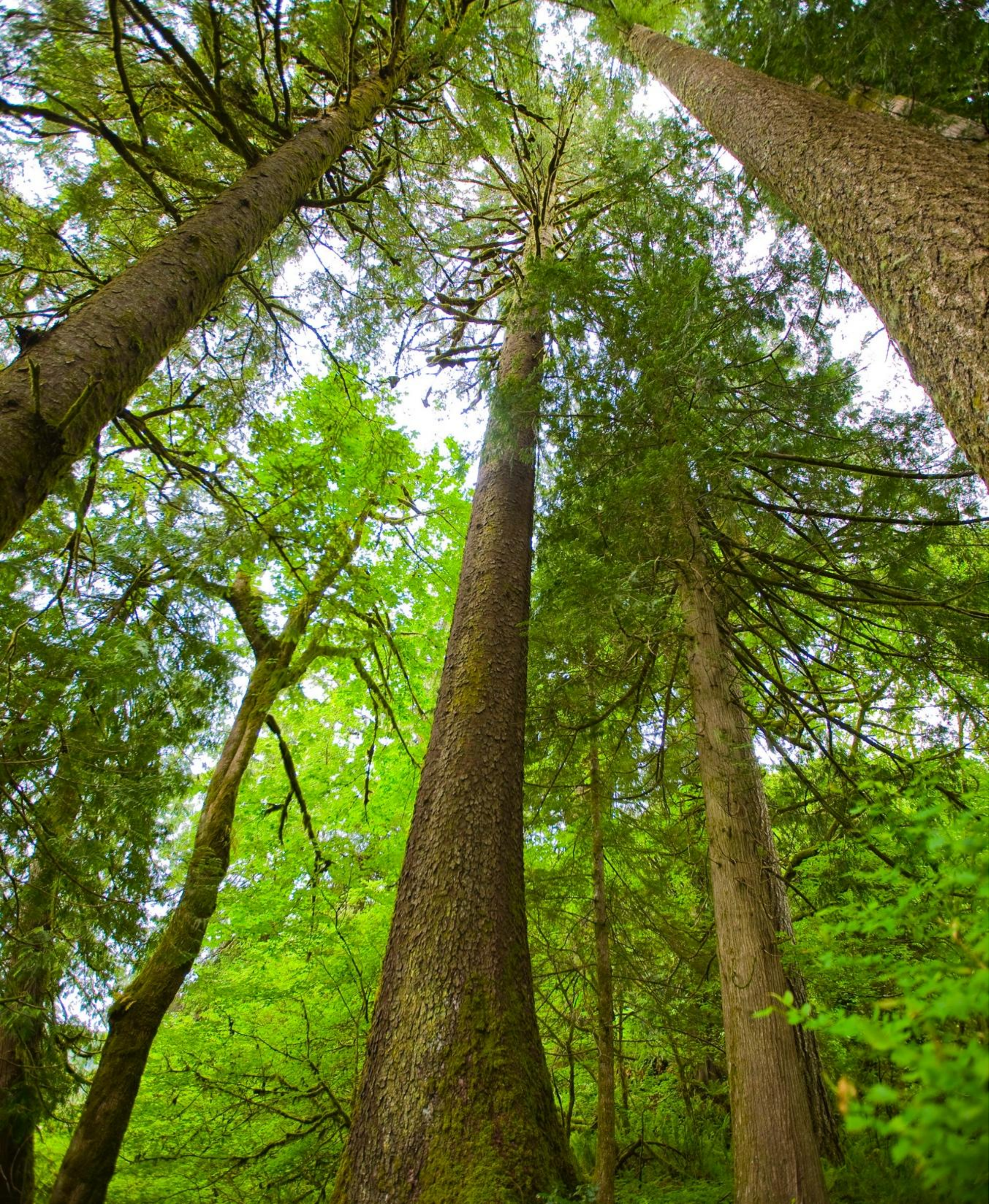


Timberland investor base expands outside of the U.S.

TIMO AUM by investor domicile, Billion USD



TIMO = Timberland Investment Management Organization. Source: TimberLink as of June 2025, Manulife IM Research, as of January 2026.



Where do we go from here?

Making the case for adjusting traditional valuation techniques (DCF perpetuity models, comparable sales analysis, and the cost approach) and/or or considering alternatives

Growing disconnect between DCF and comparable sales

- Potential factors
    - Expanding demand base/investor pool
    - Varied strategic objectives and timberland management plans
    - Increasing dollar value assigned to an expanding set of bespoke timberland value creation opportunities
    - Comp sales are inherently backward looking

Are we undervaluing land and other non-traditional timber income streams and opportunities?

Is this time truly different…Could these adjustments "correct" or account for the current divergence with treasuries and other real assets?

Thought Leadership Disclosure

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