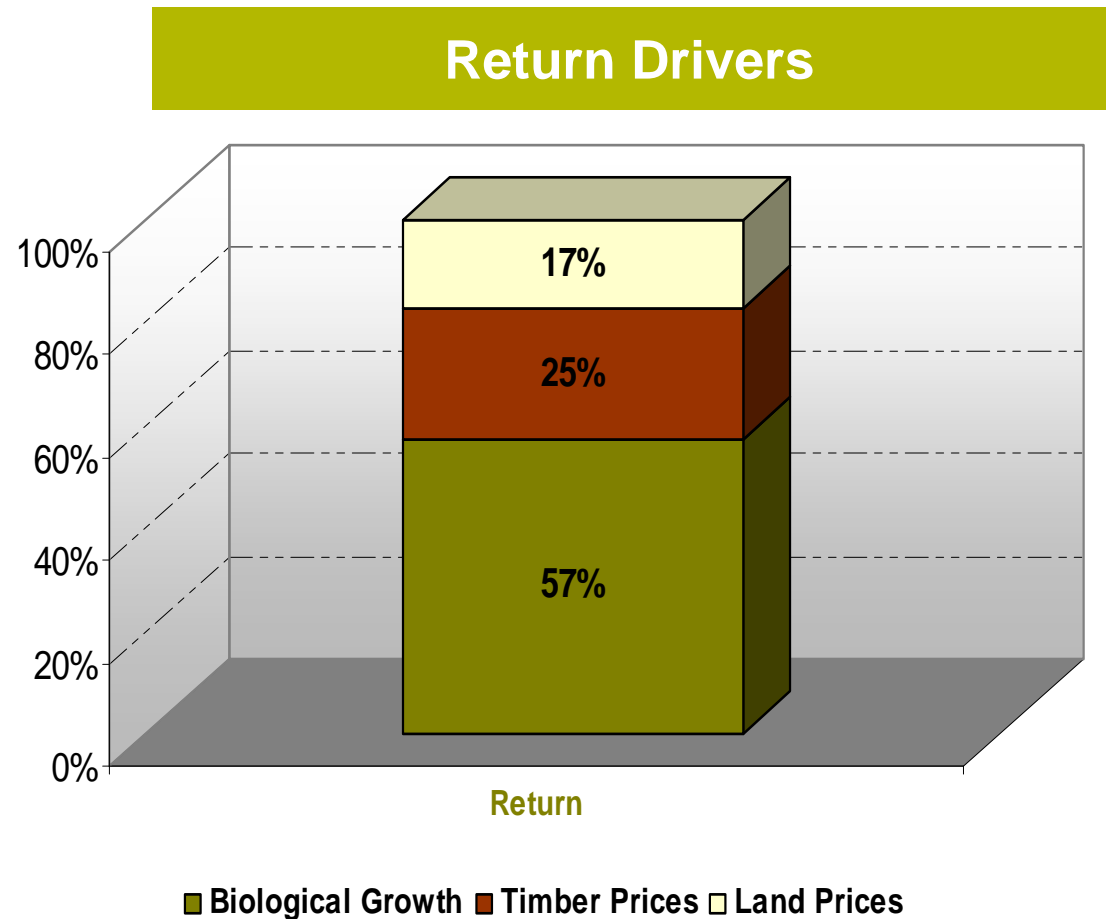


# Illustrative Drivers of Timberland Returns

- **Biological growth (~57%\*)**
  - Independent of all other factors
  - Largest component
  - Highly predictable
- **Timber prices (~25%\*)**
  - Consistently trended above inflation over the last century
- **Timberland prices (~17%\*)**
  - Annual rate of change during display period around 11%



Sources: (1.) Caulfield, J.P. 1998. Timberland return drivers and investing styles for an asset that has come of age. *Real Estate Finance*, Vol. 14, No. 4.  
(2.) Clutter, M. and R. Mei. 2008. Return drivers and investing styles in timberland investment. Internal FIA publication commissioned by Marc Walley.

