Prentiss & Carlisle 100 YEARS

LANDOWNER update

3rd Quarter 2025

Industry News

- ***Mass timber construction to reach $1.5 billion by 2031*** (June 27th)

  The global mass timber construction industry generated $857.1 million in 2021 and is anticipated to generate $1.54 billion by 2031. The mass timber construction market is driven by factors such as growth in awareness regarding the greater carbon footprint during steel and concrete construction and the growth in demand for construction that is more cost-efficient and as durable as steel and concrete construction.

  — *Woodworking Network*

- ***EU Deforestation Rule continues to challenge U.S. forest products sector*** (July 1st)

  EUDR provides only limited relief for countries designated as low-risk, even though they are already meeting the objectives of the law. EUDR imposes essentially the same obligations for American pulp and paper producers as those from high-risk countries. Commodities and products from low-risk countries should be presumed compliant.

  — *PaperAge*

- ***Hammond Lumber to acquire Ware-Butler, expanding retail and manufacturing footprint*** (July 22nd)

  Hammond Lumber Co. announced plans to acquire Ware-Butler Building Supply in a move that will expand its retail and manufacturing capacity and strengthen its standing as one

Industry Overview

Forestland Operations

Right about at the same time last quarter's edition of this newsletter was published, the weather took an abrupt turn for the better. After an extended wet spring, the conditions suddenly shifted and welcomed an exceptional summer for anything outdoors, including most of what we do. Summer harvesting activity therefore was effectively uninterrupted by weather of any kind, except for visibility hazards when trucking wood on some pretty dusty roads.

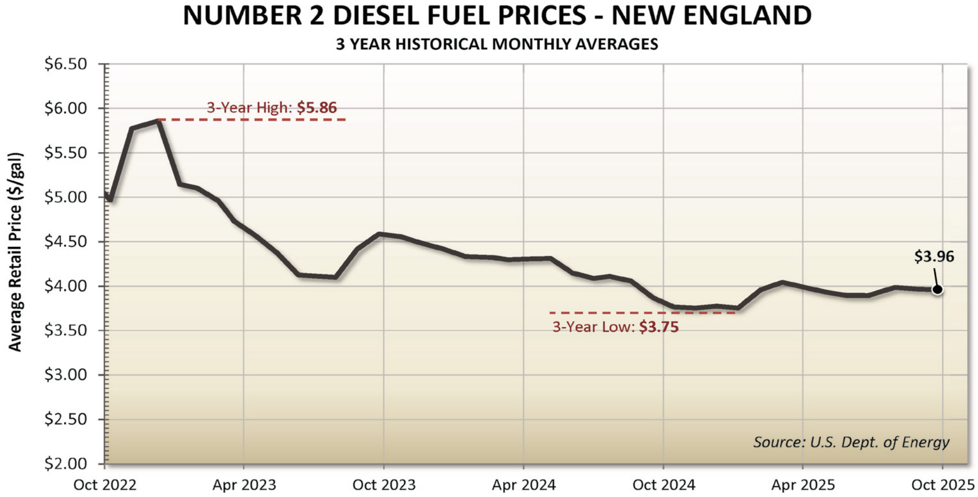
P&C forester Chris White monitors a grapple skidder carrying wood during a summer harvest in August 2025.

The drought conditions during the summer had our teams on high alert for forest fires, particularly from sparks that harvesting equipment can sometimes create when rolling on rocky ground. Early in the season, a spike of small fires were reported to the Maine Forest Service, but swift action limited their spread. It will be a few weeks before we let our guard down, but as of yet there have been no significant fires on lands we manage.

After a lackluster spring, it was good to be in favorable conditions that permitted steady production. Moreover, our crews were able to access areas this summer that are normally too wet to harvest without causing damage. That being said, the poor wood markets proved to be a significant challenge to keeping up the pace of operations. When wood is not moved off the landing in a timely manner because of limited markets, it can build up and hamper operations simply through crowding. Managing space roadside became a logistical challenge for many crews this summer.

Forest Products Markets

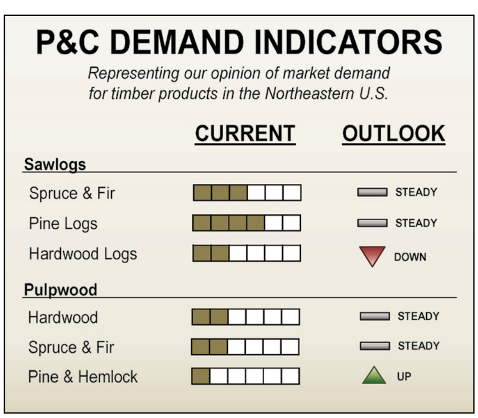
Limited demand for pulpwood was the prevailing story of the summer, and delivery restrictions suppressed how much wood we could confidently find a home for. Runnability challenges and



outages have plagued our regional pulp mills and consumption remained lighter than usual as a result.

With the excellent weather, mills across all product spectrums had very little trouble keeping themselves adequately supplied with wood. Oftentimes this summer we would be given a weekly delivery limit, which would be inevitably – and frustratingly – reduced as the week progressed as the mill inventory swelled. As a result of being held back, we have not been able to deliver as much wood as we would normally expect.

In addition to delivery restrictions, mills also became more picky and tightened specifications which put pressure on our foresters, loggers, and truckers to all stay tightly coordinated. In this time of limited markets, keeping up with quality becomes increasingly important. Being able to deliver wood on specification, on time, and of high quality allows us to be a preferred supplier and ultimately command more market share.



We remain anxious for clarity regarding trade policy and the imposing of tariffs on the forest products markets. Some new announcements were made during the last quarter that will influence our marketplace, but the real question is what will stick. There always seem to be an "if" when talking about tariffs and a certain fickleness that has made forecasting in the future difficult. I have spoken to major market participants that have investments cautiously sidelined because of the prevailing uncertainty.

Pulpwood Markets

Consumption remained problematic for our region's pulp mills as various operating challenges kept production lower than expected. Despite wide availability of fiber to consume, pulp mills faced downtime, unplanned maintenance outages, and difficulty operating smoothly & consistently. A small breakdown at a large pulp mill can back up quickly, and the whole supply chain feels the ripple effects. Most pulp mills have done what they can to continue to procure wood despite the low consumption, but can only do so much with swelling inventory.

Looking ahead, however, things appear to be poised to ramp up. For one, the ND Paper mill in Rumford, ME seems to have emerged from its initial startup headaches and has begun to chew through the enormous log inventory it had built up. If this mill can continue to build momentum and operate at the pace it has for the last few months, it will not be long before this is a bona-fide success story in overcoming production challenges.

of the largest independent building material retailers in the Northeast. With the addition of around 280 Ware-Butler employees, the combined company will have 34 retail locations across Maine and New Hampshire.

— *MaineBiz*

- ***'We Have All the Trees We Need.' Trump Wants to Revive the Lumber Industry***
  (July 27th)

  The president is calling for increased logging in national forests and raising trade protections against Canadian exports. Trump's push to build up domestic production capacity of raw materials has the White House considering tariffs on lumber imports in the name of national security. Any import taxes Trump imposes would fall on top of the duties that are already collected on lumber that is imported from Canada.

  — *Wall Street Journal*

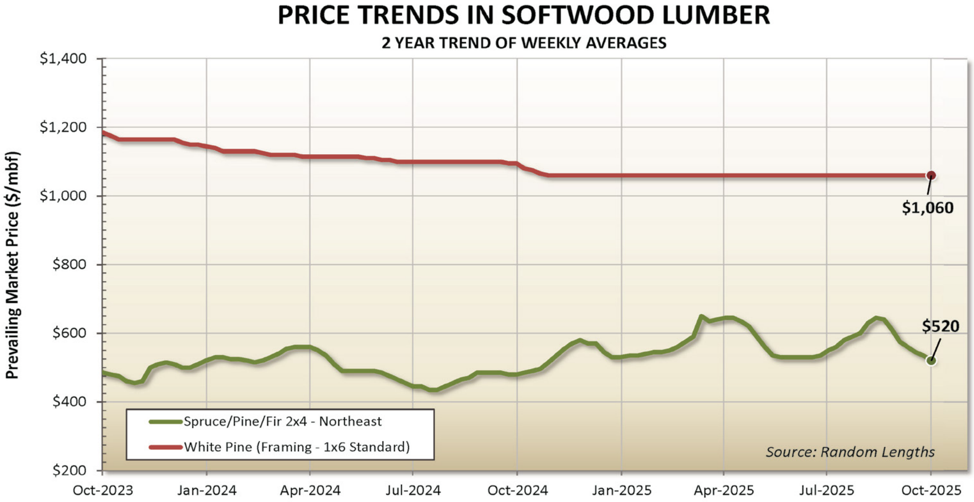
- ***Sappi completes upgrades to paper machine at Skowhegan mill***
  (July 29th)

  The Sappi paper mill in Skowhegan has completed a $500 million expansion of one of its paper machines, converting it from making coated paper to paperboard packaging. The upgraded machine is 900 feet long and three stories tall and will double its previous output.

  — *Maine Public Radio*

- ***Maine's forest product industry feeling the effects of Trump's tariffs on Canada***
  (August 4th)

  Recently announced 35% tax on certain goods from Canada likely to impact particular industries more than individual consumers. In Maine, our forest products



Additionally, the pulp mill in Skowhegan has greatly improved its operating capacity and diversified its product mix with a new state-of-the-art paper machine. Once again, a rash of bad luck and evolving end user markets has kept this new machine from running full tilt, but a major investment such as this for the region's largest pulp mill takes time.

It's hard to overstate the volatility in the markets we have experienced in the last few years. Although demand for pulpwood is currently low, this is the same marketplace that two years ago was so desperate for wood that some mills were importing wood chips on cargo vessels because they could not get the supply locally. Now they are absolutely flooded with wood. We have gone from one extreme to the other, and swings like that seem more common than they ever have.

Sawn Products

Softwood Sawstock

With nearly half of our spruce & fir logs going to Canadian customers, this high-value product is particularly exposed to trade policy. The U.S. administration recently announced a 10% tariff on lumber imports from Canada, which is in addition to and on top of an approximate 14% duty that has been in effect for several years. This is a trade battle that has been going on for decades, and we are not likely to see it resolved anytime soon.

To stay competitive on price in a commodity market, Canadian lumber mills are likely to see margin pressure – we expect mills to ultimately attempt to recover some portion of this margin loss through lower raw material pricing on the logs they are procuring. We are already feeling some Canadian markets seeking price concessions for spruce & fir timber.

This may create some opportunity for domestic saw mills, which, we believe, is the stated objective of these tariffs. A supportive domestic environment could eventually lead to investments and upgrades in our existing mills – several of which are actually Canadian-owned.

Currently, however, the regional demand for spruce & fir logs shows no signs of distress. Despite large inventories of finished lumber, raw material inventories are lower than usual headed into the fall mud season. Mills know that when the rains come it will inevitably lead to road closures and slowing deliveries – particularly within the private road systems on which we all rely.

The industry's initial attempts to control the spruce budworm outbreak in the northern reaches of Maine appears to have been fruitful. Landowners are employing what is being called an Early Intervention Strategy, which focuses treatment on targeted hot spots rather than a wide broadcast. Areas which were treated for the insect suffered far less defoliation than areas that weren't, which is a solid initial indication the treatment was effective. Unfortunately, this will not be a one-and-done situation – we expect continued treatment to extend into

industry is the one that is most affected with these specific industry, sector-level tariffs. The state imports 2.3 million tons of wood products annually, most of which comes from Canada, according to a recent industry report from the Maine Forest Service.

— Maine Morning Star

- ***Lumber prices are flashing a warning sign for the U.S. economy***
  (September 8th)

  Wood prices are sliding, and mills are cutting back because of uncertainty over tariffs and a building slump. Wood markets have been whipsawed of late by trade uncertainty and a deteriorating housing market. Futures have dropped 24% since hitting a three-year high at the beginning of August. Crashing wood prices are troubling because they have been a reliable leading indicator on the direction of the housing market as well as broader economic activity.

  — Wall Street Journal

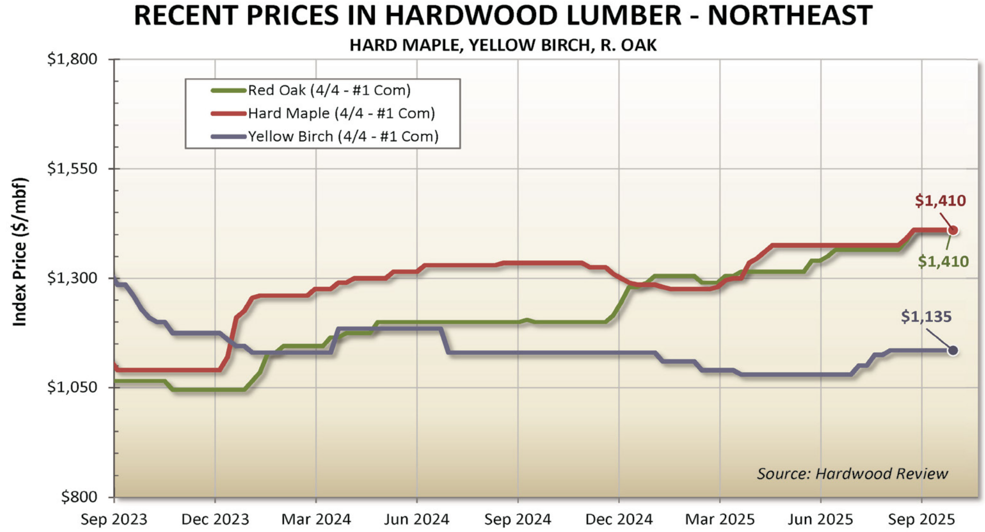
- ***Soaring taxes threaten longtime residents of Maine's Unorganized Territory***
  (September 22nd)

  TmberHP, a Madison-based maker of wood-fiber insulation, said it has emerged from Chapter 11 bankruptcy protection with a strengthened balance sheet and long-term growth plan.

  — MaineBiz

- ***Box shipments fall to lowest level since 2016***
  (September 22nd)

  Cardboard-box shipments in the U.S. have dropped to their lowest point since 2016, with total demand down 9% in 2025. The decline reflects slower consumer spending, reduced manufacturing



the next decade. Thankfully, lawmakers appear to be grasping the gravity of the problem and have helped support the effort with public funding and supportive policies.

Hardwood Sawstock

Once again, tariffs have taken the news cycle in the hardwood markets. The U.S. administration recently announced a 50% tariff on imported cabinets that will take effect in several months. While most of our hardwood log markets are domestic, much of the sawn lumber ends up at Canadian cabinetmakers. Some of these cabinet manufacturers are large enough that we are concerned about whether or not there is a domestic replacement for the wood. The hardwood lumber market has been struggling to sell their production for some time, and in the short term they will likely have to scramble to respond to this sudden trade barrier.

Once again, in the longer term this may prompt investment in U.S.-based manufacturing. We won't know for some time.

Hardwood log demand has been subdued. While some of the secondary hardwood products from the northeastern forest (yellow birch, red oak) have fallen out of favor, the primary product, hard maple, appears to be holding against the headwinds. Log inventories at our regional sawmills is light, and demand will be seasonally boosted as mills prepare for mud season and a winter operating season.

Summary

After a soggy start to the year, the summer months finally delivered the kind of weather we all hope for: steady, dry, and productive. Crews made up for lost time and reached areas that are usually off-limits, even as the slow pulp markets tested our patience and creativity. Mills continue to battle their own production and inventory hurdles, but there are encouraging signs of progress. Rumford's ND Paper mill is finding its stride, and SAPPI's expansion shows long-term promise. As we head into fall, the sector remains steady but cautious; managing through volatility, keeping pace with change, and staying focused on the fundamentals that sustain the work through good markets and bad alike.

Benjamin D. Carlisle
President

activity, and cost-cutting by e-commerce firms, all of which are curbing the need for corrugated packaging.

— *Lesprom*

- ***$15M proposal submitted to advance forest economy in northern New England***
(September 23rd)

New forestry technology and the development of wood-based products are the focus of a collaborative proposal by interests across Maine, New Hampshire and Vermont that are seeking to win a $15 million grant from the National Science Foundation. One emphasis of the proposal is to bring new technologies to market that landowners and foresters can use to maintain and improve the resilience, productivity and economic outputs of the 25 million acres of forest that span the three states.

— *MaineBiz*

- ***With pending sale of Kennebec River dams, Sappi urges caution about potential removal***
(September 24th)

The Nature Conservancy and New York-based hydropower company Brookfield Renewable Partners signed a purchase and sale agreement for the Lockwood, Hydro-Kennebec, Shawmut and Weston dams on the lower Kennebec River between Waterville and Skowhegan. The deal includes decommissioning or removal of the dams and related hydroelectric facilities to restore free-flowing conditions, according to a news release.

— *MaineBiz*