

**Structurlam Mass Timber Corporation
FAQs: New Manufacturing Plant in Conway, Arkansas**

12.9.19

Structurlam

1. Q: Why is Structurlam expanding to the United States?

A: There is a growing and unmet demand for mass timber products across North America, and Structurlam has the expertise needed to build a world-class, state-of-the-art, highly efficient and cost-competitive mass timber manufacturing operation. Structurlam is the North American leader in mass timber manufacturing, having completed 250 mass timber projects across North America since 2015.

2. Q: What sets Structurlam apart from other mass timber manufacturers?

A: Structurlam was the first manufacturer to bring mass timber to market in North America. Backed by nearly 60 years in operation, Structurlam is in the advantageous position of being the leading North American provider of mass timber solutions for construction and industrial markets in Canada and the U.S. We're growing, innovating, and accelerating our momentum in both British Columbia and the United States.

3. Q: How will Structurlam's new Conway plant work in tandem with the British Columbia manufacturing operation?

A: Our new Conway plant represents an important step in our strategy to grow across North America, and complements significant upcoming investments in our British Columbia operations. Complementing our plant in British Columbia, our new plant in Conway will make mass timber more available across North America, with a combined capacity sufficient to construct three 200,000 square foot office buildings every month.

4. What are the advantages of using mass timber over traditional construction materials like concrete and steel?

A: Mass timber construction is faster, more efficient and precise. Mass timber buildings are roughly 25% faster to construct than concrete, and require up to 90% less construction material delivery traffic and 75% fewer workers onsite. Engineered and proven, with the power to lock away carbon through the life span of the building, mass timber is quickly becoming the platform of choice for developers, architects, engineers and builders. And, the end result is a much more aesthetically pleasing human experience.

Arkansas timber

1. Q: What portion of the wood manufactured in Conway will be sourced from Arkansas forests?

A: 100% for the Walmart Home Office campus.

2. **Q: How much Arkansas-grown softwood lumber will be used at the Conway plant on an annual basis?**

A: The estimated production of softwood lumber in Arkansas is 2.7 billion board feet affording ample raw material volume for the Structurlam Mass Timber Plant in the state. We expect to consume over 200 million board feet of softwood lumber when we reach full operation. This volume should not induce a supply demand imbalance in the lumber supply chain in the state of Arkansas.

3. **Q: Do you anticipate sourcing softwood lumber from other states? If so, which states?**

A: We could potentially see lumber from neighboring states that have sustainably harvested softwood lumber but there is plenty of softwood lumber production in Arkansas in close proximity to Conway.

Sustainability

1. **Q: How will Structurlam replenish the supply of Arkansas timber?**

A: Structurlam will source softwood lumber from sawmills that buy their sawlogs from sustainably managed forests.

2. **Q: How do you define sustainably harvested wood?**

A: We are very excited to undertake this initiative in Arkansas, where there is such a rich history and strong demonstration of sustainability. There are families and companies who maintain and enhance the forests they have owned and managed for over a hundred years; often in their third or fourth generation on the same tract of land. Sustainable harvest practices protect the forests' potential to provide the values we enjoy today, such as water quality, biodiversity and shelter, for both people and wildlife into the future.

3. **Q: What percentage of the timber used in manufacturing will be certified as sustainably harvested?**

A: 100%

4. **Q: Is all harvested wood used in the manufacturing process, or is there a standard percentage of waste?**

A: The waste level depends on the product and the building we are manufacturing. On average, 12% of the lumber is turned into sawdust and shavings. That said, Structurlam plans on manufacturing all of its construction and industrial products in Conway. This will allow us to consume a high percentage (~88%) of the softwood lumber that we bring to Conway.

5. **Q: What happens to the waste?**

A: Any residual lumber waste will be sold to manufacturers of wood pellets for use as biomass fuel and agriculture bedding products.

Production

1. **Q: When the plant is fully operational, what will be the annual production volume?**

A: At start-up in 2021, approximately 1.2 million cubic feet of fully fabricated and finished mass

timber building products and access mats will be manufactured in Conway. Annual production volume can be increased by adding additional work shifts.

2. Q: Do you plan to use the entire facility from the start, or will you grow into it as demand increases?

A: We will bring the new plant up quickly to produce the volumes mentioned above, and we will have reserve capacity to increase supply as market demand dictates. Our supply contract for Walmart's new Home Office campus allows us to ramp up the plant in an efficient manner. We will also have additional supply for many other customers, so we will start building our sales funnel in advance of the opening. As market demand grows, we will bring on the reserve capacity.

3. Q: How will Structurlam accommodate growth once the facility is at capacity?

A: Once the Conway plant is running, Structurlam will be operating two mass timber plant operations in North America – our original plant in British Columbia and the new plant in Arkansas. This two-plant operating stance will allow Structurlam to efficiently flex production between the locations to optimally serve customers across North America. Proximity to job sites is a big contributor to cost of delivered product, so these two plants give us a much closer reach into the Southern and Western United States and Canada.

Economic development & employment

1. Q: What is the overall cost for retrofitting the Conway plant?

A: Between \$8-10M, which is significantly less than if we had built a new plant from the ground up. The existing building is uniquely sized to accommodate the design of our new facility, with an abundance of land to allow significant flexibility for future growth.

2. Q: How will the retrofitting investment benefit Arkansas?

A: We will use 100% Arkansas contractors and subcontractors to retrofit Conway.

3. Q: Will Structurlam reinvest profits in the U.S., or funnel to B.C. headquarters?

A: Structurlam's headquarters are in British Columbia so profits will naturally flow there, but Arkansas will reap the larger rewards of our profits by virtue of economic development and ongoing reinvestment in our Conway operation. Structurlam is fully committed to building and supporting the Arkansas economy. Structurlam anticipates mass timber construction will grow aggressively for years to come. To remain an industry leader, Structurlam intends to continue to make significant investments in our people, plants, and communities in both Canada and here in the U.S.

4. Q: What types of employees do you anticipate hiring?

A: Skilled trades, production associates, and a plant management team that will include a general manager, operation leaders, human resources, accounting, logisticians, engineers, shipping and receiving.

5. Q: What is the anticipated total sum of wages for the 130 workers?

A: Including benefits, the annual payroll will be approximately \$5.5 million in the first year, and \$7 million thereafter.

6. **Q: Will your manufacturing facility be a union operation?**

A: Our B.C. operations are represented by unions and we have a very constructive and business-like relationship. Our Conway operation will not be unionized.

Walmart

1. **Q: How much mass timber are you providing for the Walmart Home Office?**

A: 100%. Structurlam was chosen by Walmart as their exclusive supplier.

2. **Q: What is the anticipated volume of mass timber you will be providing for the Walmart Home Office?**

A: Approximately 1.1 million cubic feet of mass timber products will be used in the Walmart Home Office project. The anticipated floor area will be over two million square feet of office space consumed in 10 midrise office buildings.

3. **Q: Will the mass timber you produce in Conway for Walmart's Home Office be 100% sourced from Arkansas timber?**

A: Yes, absolutely.

4. **Q: Is the Conway manufacturing facility exclusively for Walmart projects?**

A: No. The Conway Mass Timber Plant will have enough capacity to sell CLT, Glulam and Industrial Mats to many other customers, in addition to Walmart. Our forecasts indicate that although substantial, the Walmart project order flow will represent less than 50% of our plant's annual capacity over the four-year delivery period, allowing Structurlam to develop relationships with many new customers.

5. **Q: Will you have the capacity to serve organizations outside of Walmart? If so, when?**

A: Walmart will be a large consumer of the new mass timber plant's production. Starting from Day 1, we will serve Walmart as well as other customers.