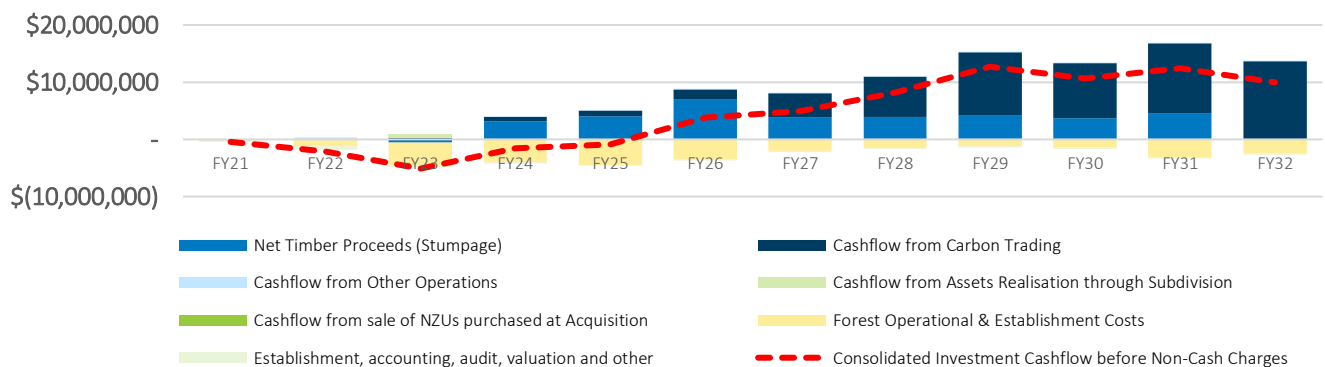




Totara Forestry Partnership (Totara) – 7% p.a. Target Returns

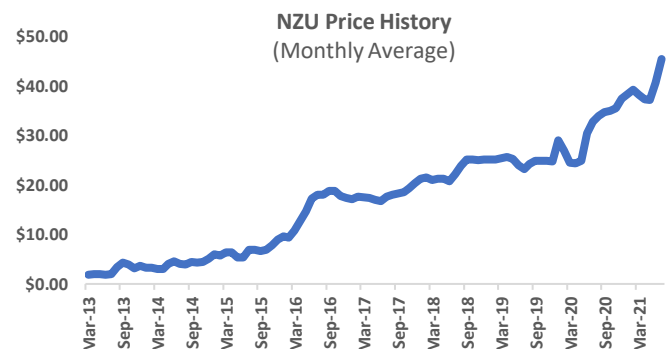
- Totara is Craigmore’s third forestry pooled capital vehicle, launched in December 2020 and targeting a capital raise of NZ\$200m to \$300m.
- The Totara Forestry Partnership is targeting a 7% IRR over the first ten-year liquidity period.
- Craigmore expects Totara to deliver long-term average cash distributions of ca. 2.5 - 3% per annum, with distributions expected to begin 2026.
- The Totara Partnership will acquire bare land suitable for planting and establishing new forests along with existing mid-age and mid-size forests (which may be missed by very large buyers).
- Income will be derived from harvesting timber and from the sale of carbon off-set credits generated by the growth of new plant forests (ca. 4.5% from timber - 2.5% carbon over 30 years).
- See below for indicative cash flows based on our modelling of a NZ\$ 100m portfolio.

12 Year Cash Flow Nominal



The New Zealand Emissions Trading Scheme

- A mandatory scheme established in 2008.
- Emitters of certain industries must off-set their emissions by purchasing NZU’s. Just over 50 per cent of New Zealand’s greenhouse gas emissions are currently covered by surrender obligations.
- Each NZU represents one metric tonne of carbon. Owners of new forests are allocated NZU’s for each metric tonne of carbon absorbed by the forest. Approximately one tonne of timber growth is equal to one NZU.
- The NZU price is set by the market but guided by the regulatory framework.
- There is cross party support for the scheme, and no significant opposition from industry.





- The market cap (fixed price offer) for the NZU price of \$35 has been removed for emissions after 2020.
- Instead, in 2021 the government has auctioned a fixed number of NZUs to purchasers / emitters every quarter (4.75m per quarter in 2021). If the price exceeds \$50/NZU, 7m additional NZUs are released to auction – this occurred on 1 September 2021 with all 7m units released and sold.
- NZUs are trading at \$65 as of 19 November 2021.

Craigmore Forestry Track Record

The Craigmore Forestry Fund

- The Forestry Fund - launched in 2010, wound up and final distributions made in February 2020.
- IRR of 6.18%, net of all fees, carried interest and taxes.
- NZ\$ 26,402,033 of investor capital paid in, NZ\$ 38,829,818 paid out (net) – a multiple of 1.39.
- Craigmore planted 6,500ha of new forests and acquired 500ha of existing forestry.
- 3 afforestation projects in joint ventures with indigenous communities.
- 250,000 tons of carbon dioxide removed per year.
- 1,000 ha of hilly erodible hill country stabilised through tree planting.
- 1,000 ha of native forest regeneration from pasture.

Kauri Forestry Partnership

- Managed account for a European Foundation, set up in 2018.
- \$80m initial commitment successfully deployed by the end of 2020. Top up commitment being deployed in 2021.
- 8,700ha of land acquired across 9 properties. 2,800ha existing forest and 2,900ha of land for new planting, and 830ha more appropriate for another use (such as grazing) to be subdivided and sold.
- Very long-term strategy, with careful use of native species on land not suitable for commercial timber, and alongside waterways.

Craigmore Sustainables - Leading New Zealand Manager of Natural Capital

- Founded in 2009, Craigmore Sustainables is a specialist manager of New Zealand natural capital, managing over NZ\$700m of forests, farms, and orchards.
- Craigmore is the only business in New Zealand operating at scale across all three primary industry sectors.
- Craigmore has an established investor base of private and institutional capital from around the world.
- Craigmore manages ~18,000 ha across almost 50 properties - a mix of large developments and mature assets.
- As Kaitiaki (indigenous Maori for guardian), Craigmore protects and nurtures its orchards, farms and forests, the surrounding environment, and the people who work and live on the land. to deliver sustainable, long-term growth to investors.
- Craigmore has a track record of sustainable land use change and high-quality operational management across New Zealand's three key rural land-based industries.

Craigmore's ESG Track Record

- Over 400 jobs created in under-invested rural communities, and joint ventures with mana whenua (indigenous groups with traditional connection to local land).
- A leader in organic kiwifruit, soon to be the largest producer of gold organic kiwifruit in New Zealand.
- Focus on grass-fed regenerative farming practices with some of the lowest global CO₂-eq emission profiles.
- With net CO₂-eq sequestration on orchard properties, Craigmore orchards absorb rather than emit carbon.
- New forest planting to date by Craigmore has offset the net CO₂-eq emissions of a small NZ city for 17 years.
- Construction of a bespoke software platform to integrate financial and operational farm data to monitor, benchmark and improve performance. The platform has been commercialised to provide farmer ESG information to global food businesses.



Che Charteris, Craigmore CEO

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Disclaimer

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