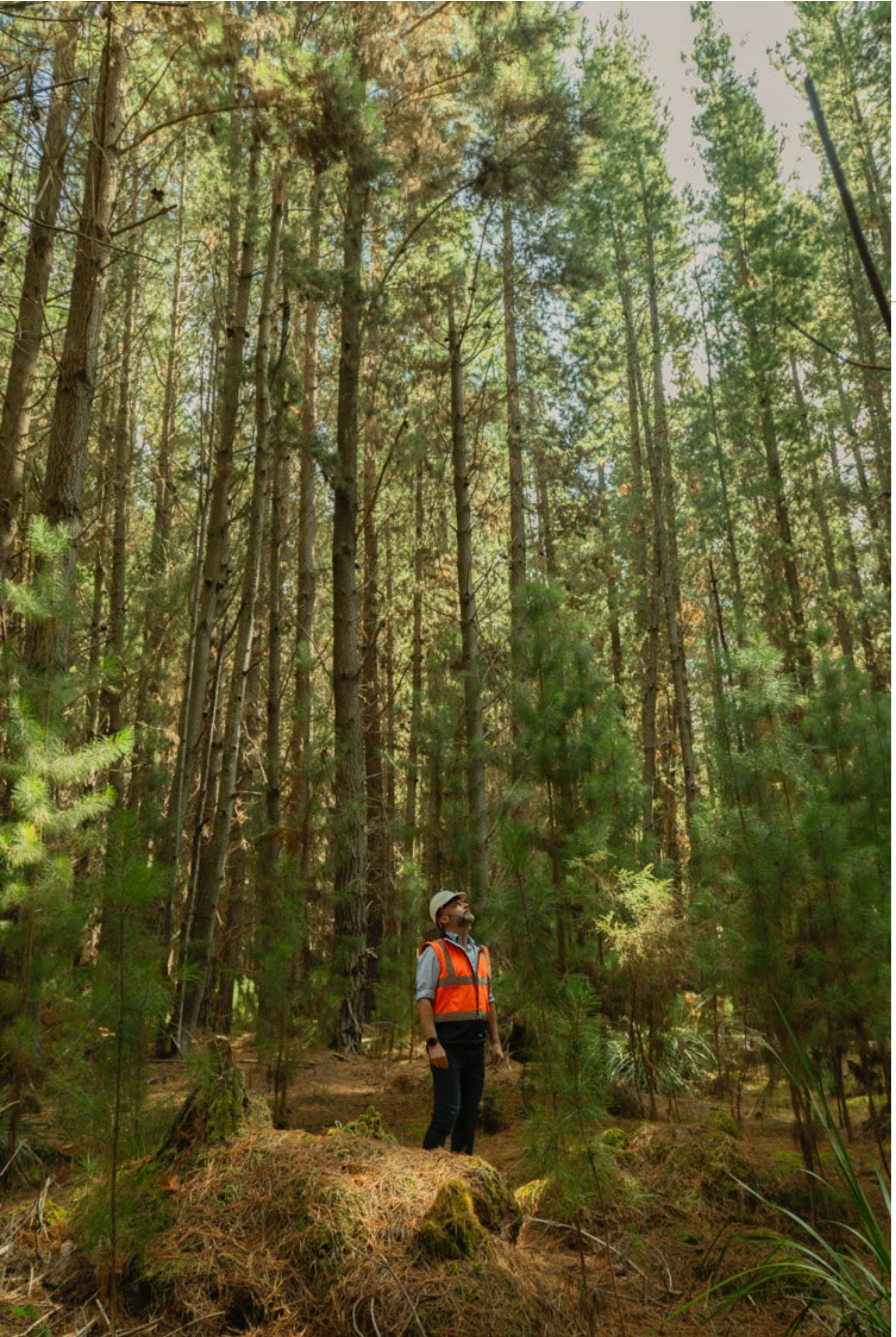
ActivAcre

Unlocking new opportunities for landowners through carbon and timber aggregation

ANDREW MORGAN

SFM



Welcome

Andrew Morgan, Managing Director
(Co-Founder), SFM

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Future Focused Forestry

Forestry and Carbon Investment

About SFM

SFM is an independent, **integrated** natural asset management and carbon project development company.

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Carbon Projects

Industry leader – 40+ projects registered under plantation methodology

Carbon Advisory

Work with you to deliver **innovative solutions** that align with **sustainability goals** and drive long-term value.

Plantation Management

More than **50,000+ ha** land in southern states of Australia to produce 450+ tonnes timber annually.

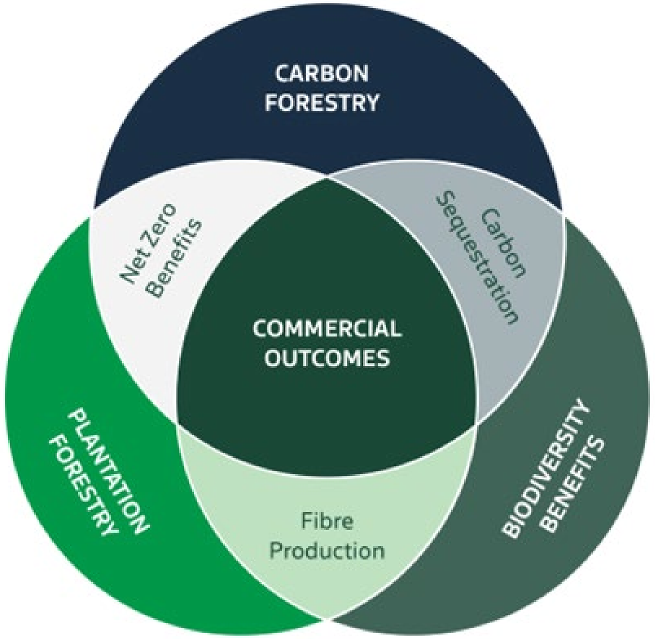
Over 4,500,000 ACCUs projected to be generated from our currently managed projects

FSC & Responsible Wood Certification

About SFM

SFM offers optionality

- Property acquisition for plantation and natural asset projects
- Carbon Project Development Modelling and Management
- Management of the planning, implementation, maintenance and reporting of plantations and the surrounding biodiversity



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A quick history lesson in plantation development in Australia

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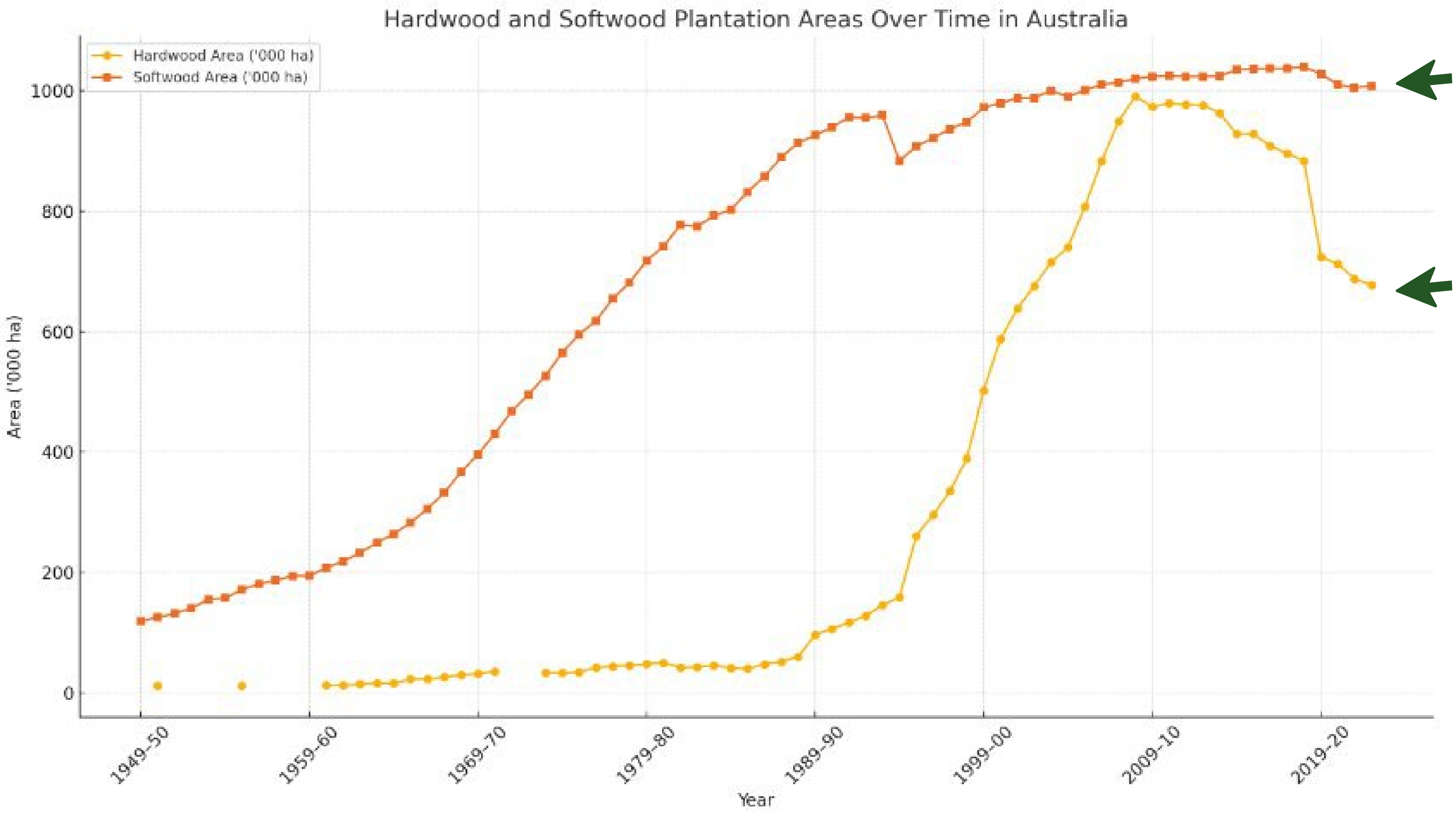
How did we get here?



Stable since 1990s

Rationalisation of HW estate from MIS era

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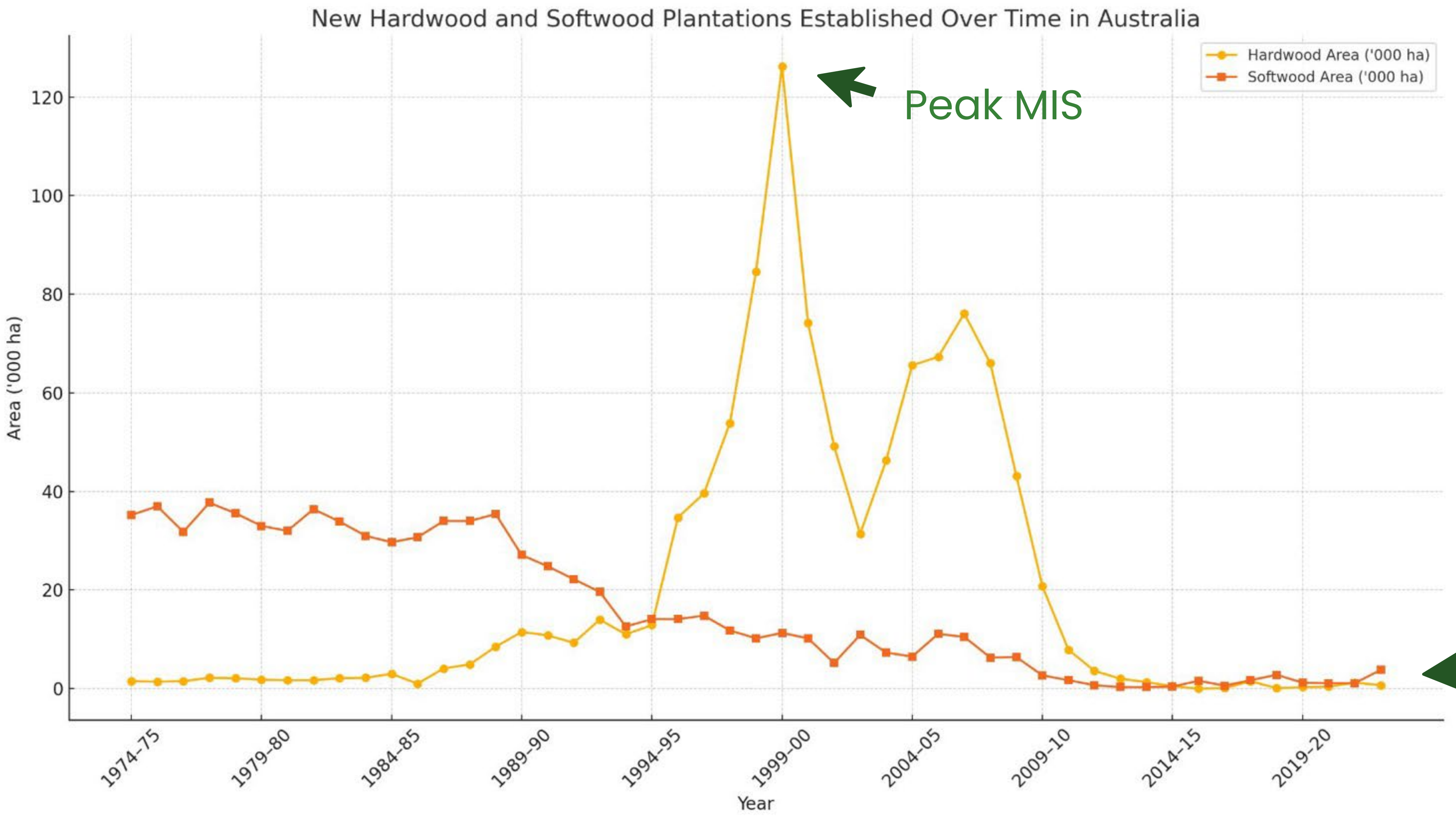
[Source: ABARES 2022-23]

How did we get here?



Is this the start of a **SW establishment revival**?

[Source: ABARES 2022-23]

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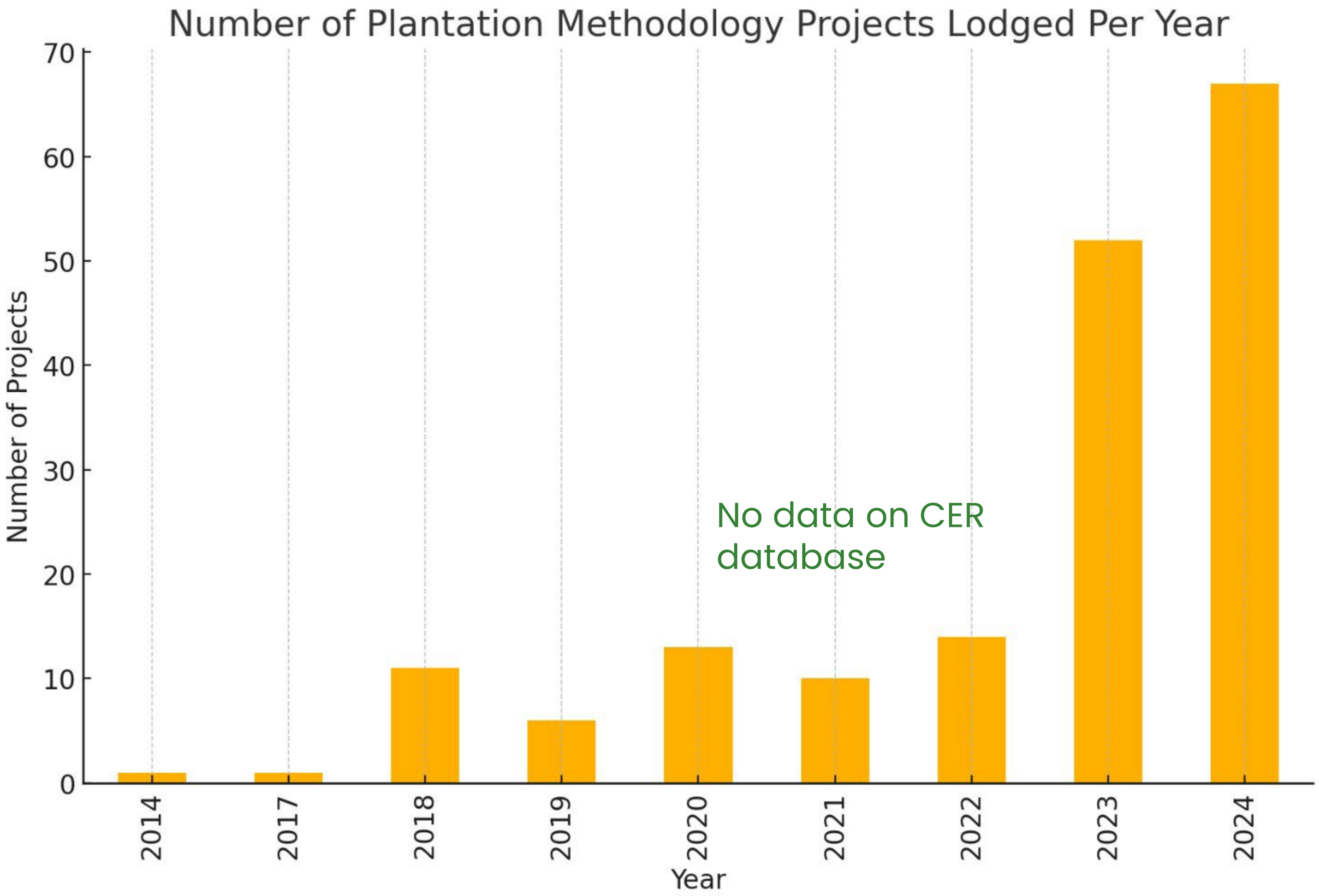
Where are we now?



No data on CER database

Some 2023 planting will have been captured in ABARES data, but none in 2024.

[CER 2024]

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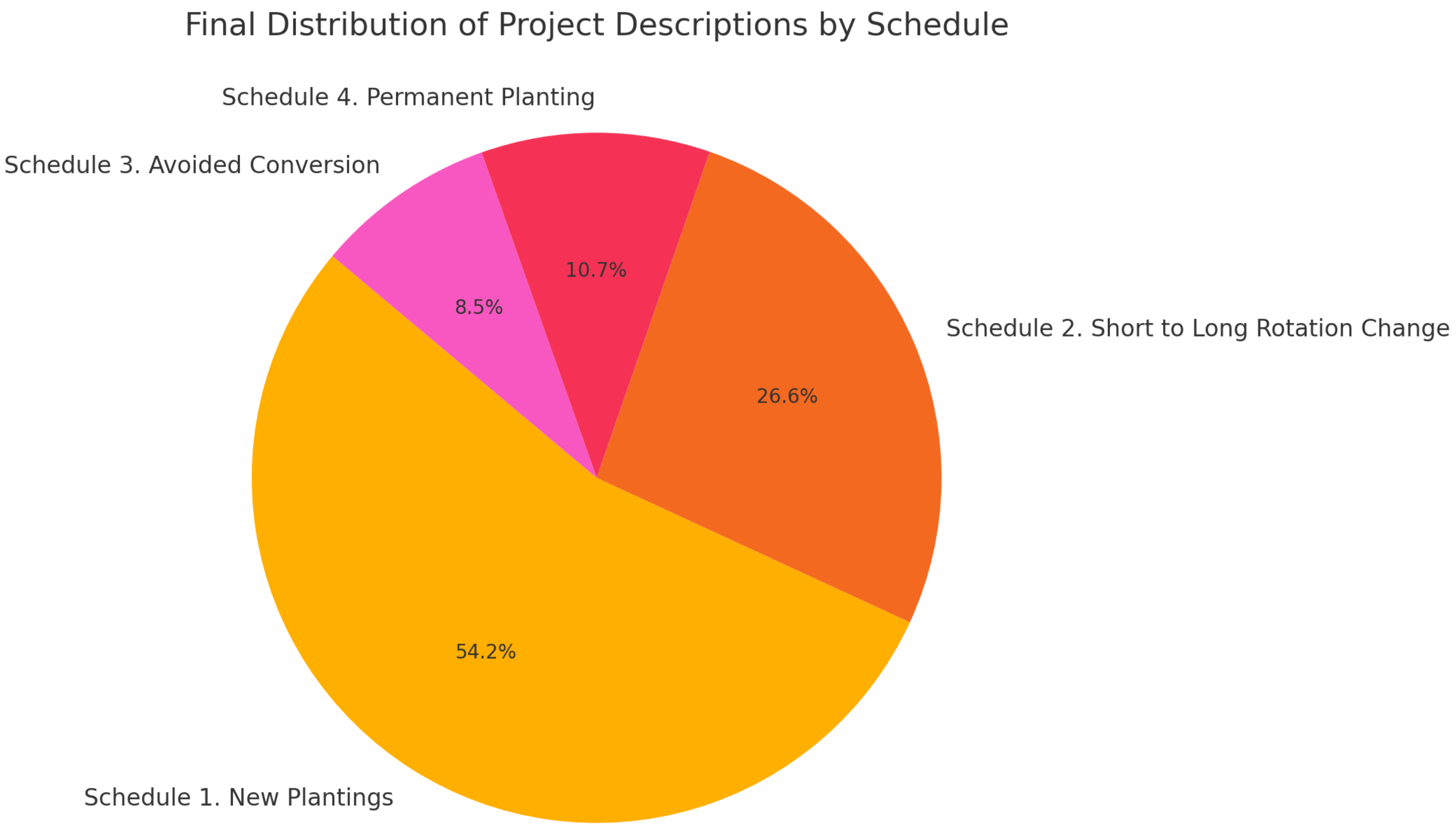
Where are we now?

[CER 2024]



The Challenge

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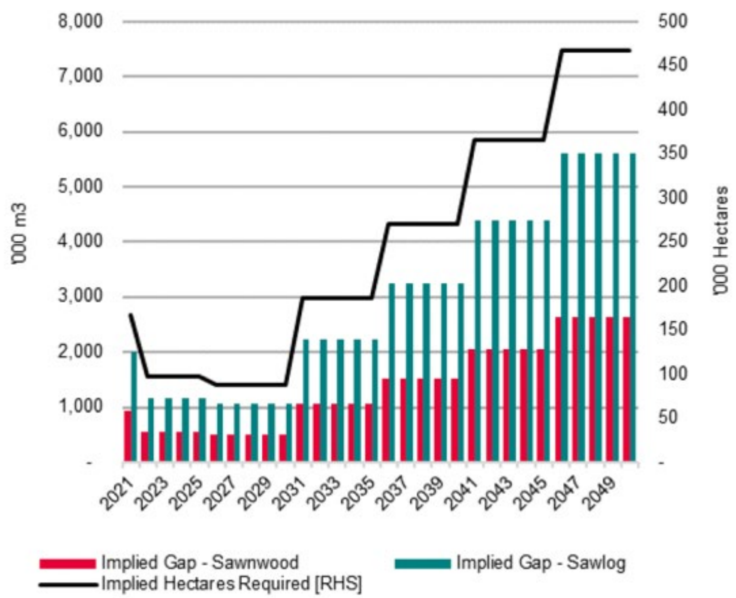
The Challenge – Demand is not slowing

Implied Sawn Softwood, Sawlog and Plantation Gap: 2021 – 2050 (‘000 m³ & ‘000 Ha)



Source: ABARES, Omega Consulting & IndustryEdge

‘000 m^3 & '000 Ha per annum	2026-30	2031-35	2036-40	2041-45	2046-50
Implied Gap - Sawnwood ('000 m^3)	499	1,055	1,529	2,066	2,638
Implied Gap - Sawlog ('000 m^3)	1,061	2,245	3,253	4,396	5,612
Implied Hectares Required ('000 Ha)	88	187	271	366	468

- Wood & Houghton 2022 report for FWPA
- Demand outstripping supply needing 466,000Ha of **NEW** area by 2050 to meet demand
- ~20,000Ha of new softwood establishment per annum

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The Challenge – we need more plantations

Sequestering Carbon While Growing

•Carbon Sinks

•Young trees = efficient sequestration

Storing Carbon for Generations

•Carbon locked away in timber products

•Timber used in buildings can store carbon for **100 years or more**

Continuous Cycle of Sequestration

•New trees planted – the cycle starts again

•Cycle = environmental goals + sustainable economic development

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Drivers for investment

Economic Incentives

Carbon Pricing Mechanisms: carbon pricing enhances the financial viability of plantation forestry

Rising Timber Demand: increases in timber demand = expanded plantation resources to meet future needs

Policy and Regulatory Support

Government Initiatives: Policies reflect a commitment to environmental stewardship and economic growth.

Environmental and Sustainability Trends

Nature-Based Solutions: Plantation forests serve as effective nature-based solutions.

Circular Economy Integration: Circular economy principles promote the efficient use of resources, waste minimisation, and the recycling of timber products.

Investor Sentiment and Market Dynamics

Attractive Investment Environment: Low-risk sovereign environment with strong demand for wood products.

Diversification and Long-Term Returns: Investors viewing sustainable forestry as a means to diversify portfolios and achieve stable, long-term returns.

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The Challenge

Limited access to suitable land for carbon and timber aggregation

- Large deployment focus
- High initial investment
- Fragmented ownership
- Diverse stakeholder interests
- Competition

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ActivAcre: A flexible response to the challenges

How ActivAcre addresses the challenge

Enables **effective** and **economically viable land aggregation** for carbon farming and timber production, creating **scalable opportunities** for landowners and investors.


ActivAcre turns less productive farmland into a reliable source of income.

Enabling partnerships with landowners

A project that combines carbon forestry with traditional forestry in an agricultural setting

- Provides landowners with long-term, risk-free income based on a lease rate by planting less productive areas on farm, or integrate forestry with existing enterprises

- Enables landowners to become involved in the carbon economy (ACCUs) without upfront or ongoing management fees, no establishment costs and a fully resourced and qualified manager throughout the full rotation.

- **Share of Carbon**
- **Share of Stumpage**
- **Across all of Tasmania**

Single Hectare Model

- Core instrument that takes into account all forestry and carbon variables at a property or project level providing flexibility to adjust on landowners' requirements, whilst meeting a target hurdle rate.

- Fully modelled FullCAM scenarios for all properties

- Feeds into fund-level model

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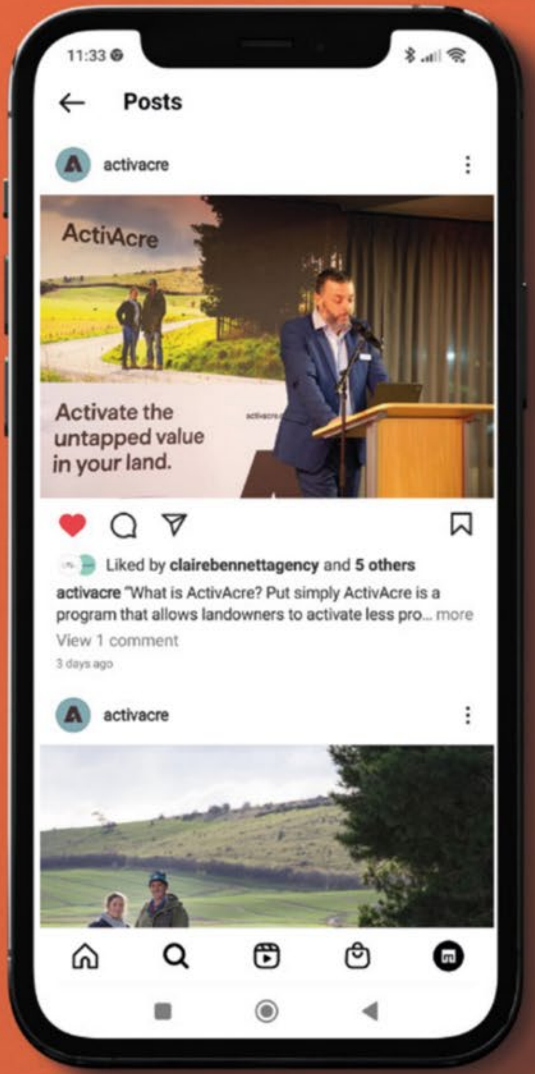
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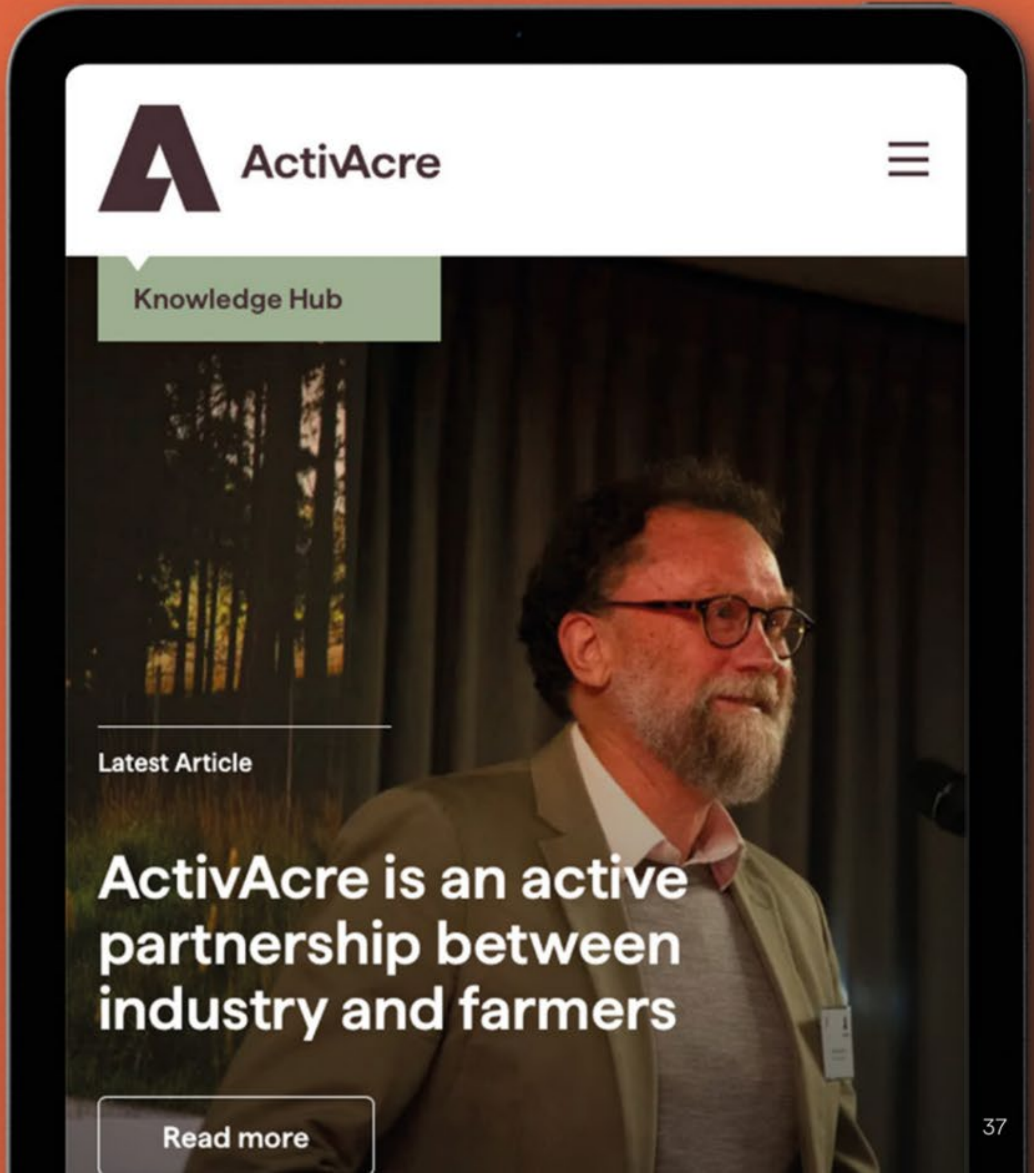
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ActivAcre is an active partnership between industry and farmers
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Strategic Partnerships and Collaboration

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ActivAcre
Activate the untapped value in your land.
activacre.
Managed by
Owned by
NewForests


ActivAcre

Financial backing

Trusted local operator

Our team has a proven track record in delivering for Tasmania's future.

ActivAcre is owned by New Forests

A sustainable forest investment fund, based in Sydney and active locally since 2005.

NewForests

David Brand
CEO, New Forests

Forestry and land use is a central part of global action to mitigate climate change. We believe there is a need to expand sustainably managed, productive forestry plantations to increase the scale of consistent feedstocks for rising bioeconomy-based demands. To ensure successful forestry investments, I believe you need to understand the science of forestry, capital markets, and carbon markets.

Headquartered in Sydney, New Forests now has more than AUD 7.8 billion of assets under management in forestry, conservation and wood processing, across 1.1 million hectares. We have differentiated ourselves from previous 'MIS' type investment schemes by having a 'real assets' style of funding and through a commitment to sustainability.

When it comes to forestry investments, conservation and contribution to communities and livelihoods are fundamental to success. Doing things the right way from the outset leads to sustainable, positive outcomes that work for all parties. This is why we've partnered with SFM, and we share these philosophies that ultimately guide the ActivAcre Program.

One of the core objectives of ActivAcre is to partner with farmers and landowners so they can contribute to, and share in the rewards of, a decarbonising economy.

Coupled with the benefits that trees have on farmlands, we're excited to offer an innovative and sustainable program to the Northern Tasmanian market.

Experienced, straightforward and local: you couldn't be in better hands.

ActivAcre is managed by SFM

A Tasmanian-owned plantation and natural assets management company operating since 2001.

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Andrew Morgan
Managing Director, SFM

SFM is pleased to partner with New Forest to manage ActivAcre and to continue our 20-year history of forest management which began and continues to grow in Tasmania. SFM now manages over 50,000Ha of land assets across Australia and New Zealand, supporting farmers and corporate landowners with a deep operational knowledge of sustainable commercial plantation forestry, carbon projects and natural asset management.

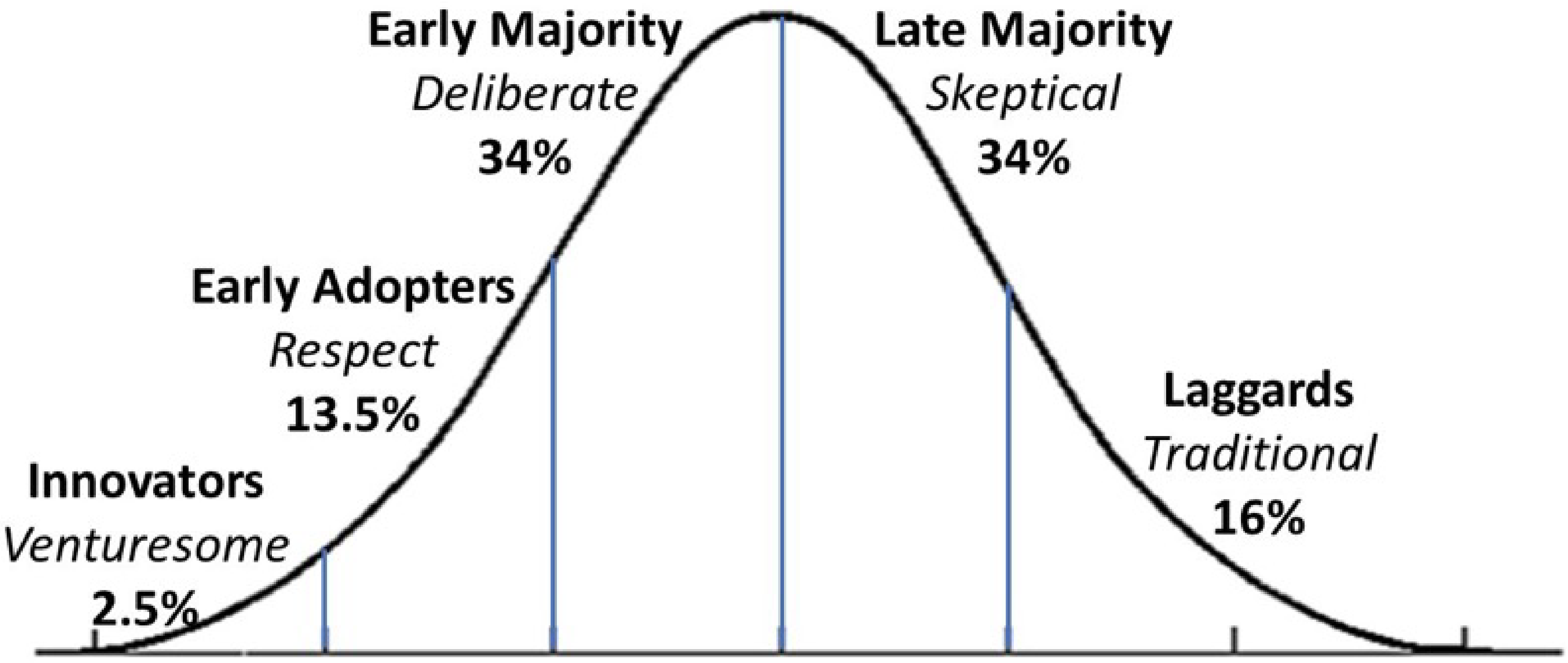
ActivAcre enables Tasmanian farmers and landowners to make a sound long-term investment for their own future, whilst also contributing to the environment and the negative effects of climate change through offsetting carbon emissions from the growth of trees.

SFM has appointed a team of highly experienced foresters and land management professionals to work with the landowners wishing to participate in ActivAcre. Our internal technical team are experts in carbon modelling and all have a deep understanding of the Tasmanian agricultural landscape.

We've grown working with you, we understand the need to balance your needs as a landowner with the productive agricultural land and the opportunities that plantation forests offer. We provide a professional service based on experience and knowledge, and we listen to our clients to develop strategies that are aligned to their goals and best suited to their land.

I look forward to engaging with you and building a lasting, collaborative relationship that can focus on the outstanding benefits that trees on farms can deliver, for you and for future generations.

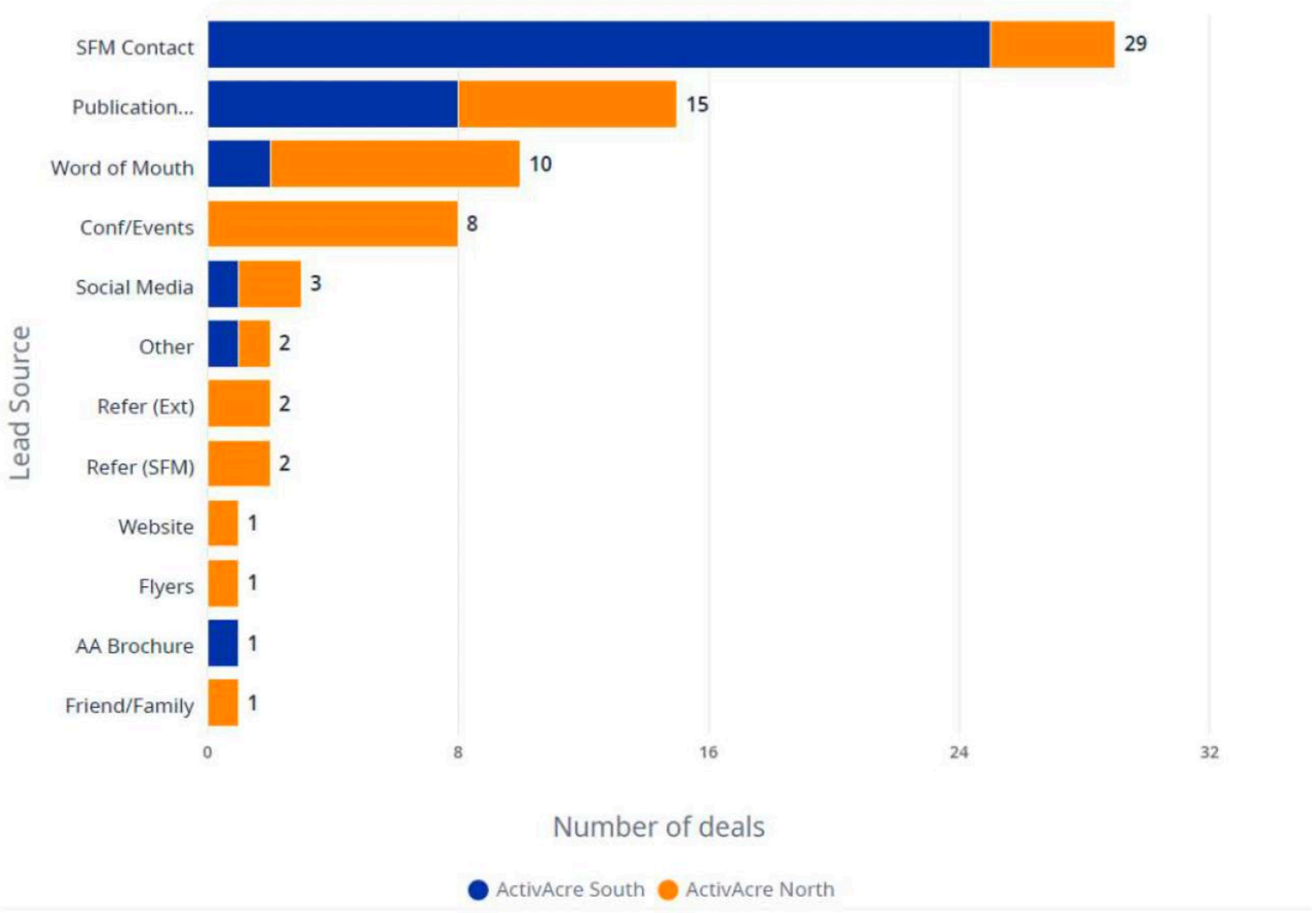
Still in early adoption phase

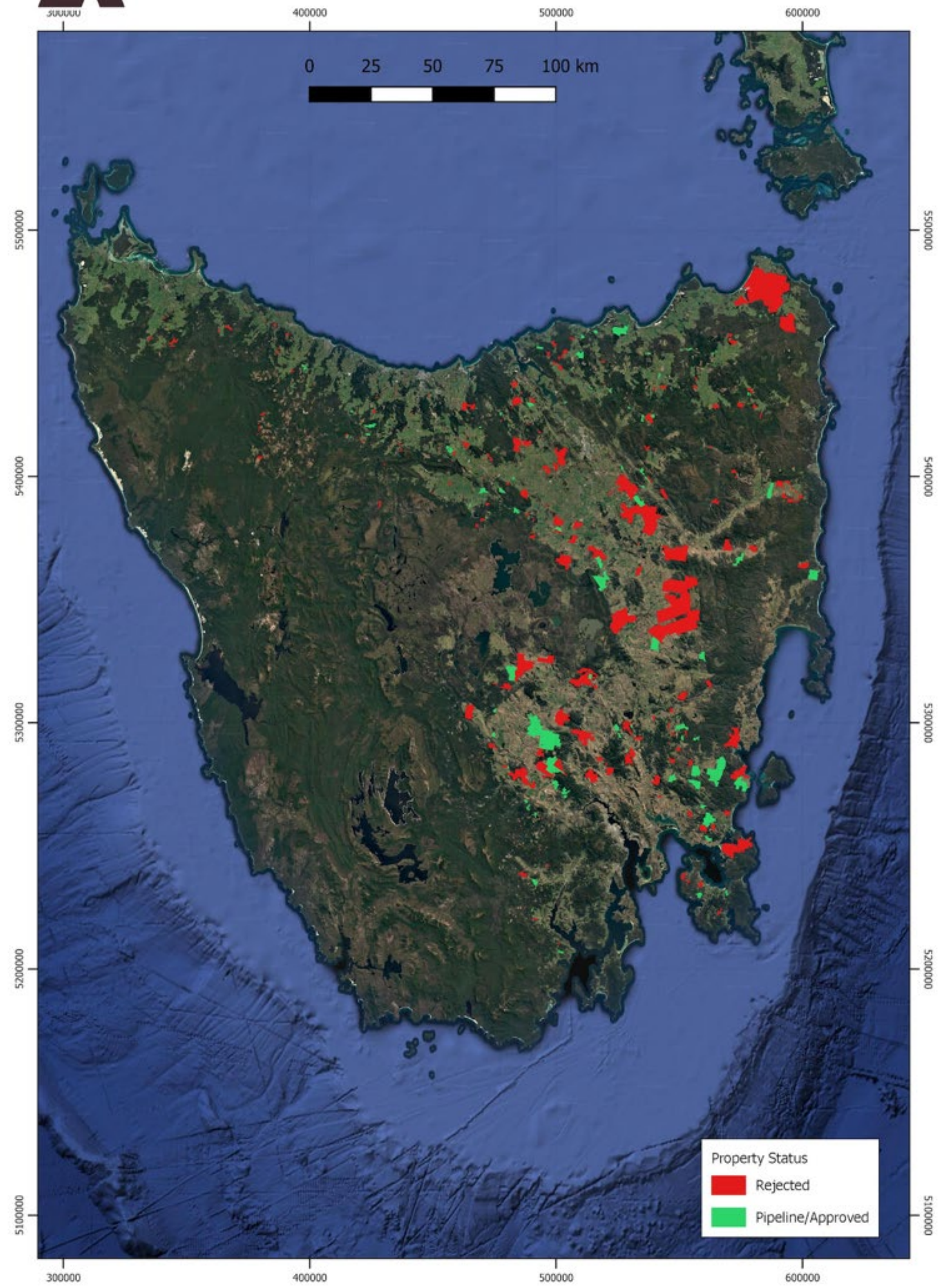


Based on E. M. Rogers' *Diffusion of Innovations* 5th Edition

Tracking our leads

Figure 1. ActivAcre Source of Awareness (all deals that were active in Q4 2024)





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Is it working?

- As of December 2024;
  - 3,072Ha have been secured via a Forestry Right Deed (lease) or Sales Agreement.
  - 2024 establishment program of ~900Ha forecast to sequester 200k ACCU and generate ~550k m3 logs.
  - 2025 plant program of ~1600Ha sequestering ~430k ACCU and generating ~980k m3 logs

- Now securing 2026 planting areas

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What's next?

- Continue to develop Tasmania project as Early and Late Majority adopters move in
- Expansion of similar programs across other regions of Australia
- Continual refinement and evolution of the model as methodologies evolve

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Conclusion

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Partnerships allow for optimisation of land

Blended forestry and carbon returns

Flexible and patient capital

Thank You

Questions welcome

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