# Project [redacted] **(Aviva Investors)** - Detailed Screen (Equity)

## 12 August 2025 – Agenda Item 6(c)

## 1 Transaction team

[redacted] (CIO), H[redacted] (Investment Team), [redacted] (Legal), [redacted] (Credit), [redacted] (PM), [redacted] (Sustainability)

## 2 EIC (including the CEO) resolution

**Recommendation**:

*The EIC (including the CEO) approves:*

1. *the CEFC entering into binding contractual documentation to commit CEFC funding to Project [redacted] **(Investment)**, subject to:*
   a) *a maximum commitment amount of $69m;*
   b) *the CEFC not at any time holding an interest in the Investment that would require consolidation of the Investment or any underlying assets for accounting purposes; and*
   c) *binding contractual documentation being signed no later than [180] days from the date of this approval;*
2. *Management being authorised to do all things necessary and/or desirable to give effect to and manage the Investment;*
3. *That:*
   a) *the Investment be made through the Corporation's wholly owned subsidiary, CEFC Investments Pty Ltd **(CIPL)**, and CIPL is authorised and directed to make the Investment on the terms set out in this resolution (including without limitation satisfaction of the conditions contained in the delegation referred to in paragraph 2 above); and*
   b) *the Corporation is authorised to advance funds to CIPL to make the Investment, and CIPL is authorised to borrow funds from the Corporation to fund the Investment.*

The proposed investment qualifies as a Delegated Equity Transaction. It comprises of up to $69m investment, with a leading forestry and alternatives investment manager, Gresham House with more than a decade long track record of investing and managing capital noting that we are investing alongside Aviva Investors, an institutional co-investor through their Aviva Investors Carbon Removal Fund.

The Investment is a Delegated Transaction (Equity Investment under an Investment Mandate), funded from the General portfolio.

No Specific DT Risk apply to this transaction.

# 3 Executive summary

**Project** [redacted] (the '**Project**') is the opportunity for CEFC to:

- Establish the Tasmanian Afforestation Platform to invest in greenfield softwood plantations in Tasmania, generating sustainable timber and high integrity nature-based carbon credits as well as other co-benefits relevant to our policy objectives;
- Crowd-in new international private capital by investing up to **A$69m** alongside Aviva Investors Carbon Removal Fund ('**Aviva CRF**') Commercial information s47 [redacted] Aviva Investors ('**Aviva**');
- Deliver circa, **3.2m high integrity nature based ACCUs**[1];
- Demonstrate market leadership by demonstrating the future of natural capital investments combining forestry, carbon, nature restoration, and the potential to incorporate alternative revenue streams such as renewable energy leases, voluntary carbon and biodiversity credits; and
- Increase the supply of sustainable softwood timber to support expected growing domestic residential construction demand.

**Overview**

Project [redacted] is CEFC's proposed $69m equity investment in an initial A$142m afforestation mandate ('**the Mandate**') centred on assets in Tasmania ('**the Platform**'), alongside Aviva via the Aviva CRF and managed by Gresham House Asset Management ('**Gresham**' or '**the Manager**'). Confidential material s45 [redacted]

Aviva are a global investment manager, headquartered in the UK, with ~GBP£238bn AUM (A$ 499bn AUM) and form part of the Aviva Group, the UK based insurance and financial service institution with ~GBP £622bn AUM (A $1,305bn AUM).

Gresham are the 7th largest global forestry manager, integrating value add opportunities such as biodiversity, nature restoration, renewables and agriculture leases into their investment thesis.

Confidential information s45 [redacted]

As is typical in forestry investment, the Platform will engage a woodlands manager to carry out design and implementation of silviculture regime and carbon project services. Delta Forestry ('**Delta**') has been selected to undertake these services. [redacted]

Social risk associated with converting agricultural land to plantation forestry has been assessed as low by the Manager and farming and dairy consultant, [redacted]. This assessment is based on the region's high suitability for forestry, the presence of nearby pine plantations, the land classification system identifying

[1] Under Schedule 1 Plantation Forestry and Environmental Planting ACCU methods.

Rushy as Class 5 marginal land, and the lack of market interest in the dairy sales process.

The Deal Team has worked alongside Aviva and Gresham to design the Platform's mandate to:

- Maximise carbon sequestration with a focused afforestation strategy,
- Maximise generation of high-integrity nature-based Australian Carbon Credit Units ('**ACCUs**'),
- Optimise integration of further natural capital and emission reduction initiatives, such as participation in high integrity nature-based voluntary carbon and biodiversity credits whilst also considering renewable energy leases where feasible on land assets – all of which is in alignment with CEFC's strategic priority to "*make best use of the land to close the emissions gap*".

Confidential material s45

Tasmania has been identified as the target region given its high suitability to forestry, favourable climate, reliable rainfall and strong history of plantation management and forestry operations. Forestry is seen as a strong contributor to the local economy, as it creates employment opportunities.

The seed asset, Rushy Lagoon (**'Seed Asset'** or **'Rushy'**) presents a unique opportunity to deliver on the Mandate's highest and best land use strategy at scale, with Rushy's 21,745 ha property being the largest farm in Tasmania.

Consistent with its highest and best use strategy, the Platform will look to convert marginal agricultural lands currently used for beef and dairy production to:

- a sizable commercial plantation of 10,087 ha, producing timber suitable for construction purposes and ACCUs under the 2022 Plantation Forestry method (**'PF Projects'**); and,
- 1,137 ha of native, permanent forest, generating ACCUs under the 2024 Reforestation by Environmental or Mallee Plantings Method (**EP Projects**).

The Platform made the decision to acquire the dairy infrastructure and associated land(~3,029 ha) and expand the plantation and environmental plantings projects on this land rather than operate it as dairy going forward. This decision was a result of the due diligence findings which highlighted the muted market interest for the dairy asset, the non-prime nature of the land being Class 5 under the Tasmania Land Capability Classification government system and the environmental consultant recommendation.

The balance of Rushy's area, Confidential information s45, is primarily existing, unmanaged, remnant vegetation Confidential information s45 RAMSAR wetland, an area of international ecological significance protected under the RAMSAR convention and Confidential information s45 a Conservation Covenant. Confidential information s45 The Manager is exploring potential for additional revenue streams Commercial information s47 and lease income from a proposed renewable energy wind turbine development by ACEN Australian (**'ACEN Wind Farm'**).

Confidential material s45

Confidential material s45

Over the preceding months, the Deal Team have proactively worked with Gresham and Aviva to shape the platform's ambitious strategy to meet the desired outcomes of Aviva and CEFC, be commercially feasible for Gresham Confidential information s45 . As the only domestic participant in the transaction, CEFC also played a hands-on role in during due diligence and leveraged the teams previous deal experiences and broader sector network to support Aviva in making their first Australian natural capital investment.

| | |
|---|---|
| Project description | Initial equity commitment to an A$142m evergreen afforestation mandate in Tasmania. |
| Investment product | Delegated Transaction: Equity investment into an investment mandate |
| Fund manager | Gresham House Asset Management |
| CEFC investment amount | Initial equity commitments total $142m:<br>• CEFC: A$69m<br>• Aviva CRF: Confidential Inf<br>• Gresham: Confidential Info |
| Expected hold period | Commercial Informatio |
| Equity IRR | Confidential material s45 |

| | |
|---|---|
| | Confidential material s45 |
| Contribution towards investment risk metrics | Irrelevant material s22 |
| Emission reduction savings | The Initial Platform is expected sequester ~ 3.2 million tons CO2e, as calculated by forecast ACCU generation under the Plantation Forestry (Schedule 1) and Environmental Planting ACCU methods.<br>Irrelevant material s22 |

Irrelevant material s22

## 3.1 Updates since pre-screen:

CEFC, alongside Gresham and Aviva, have undertaken significant due diligence on the Platform strategy and Seed Asset since Pre-Screen. In relation to the seed asset, Rushy, they include advice from the following experts:

- Independent asset valuation (Commercial info)
- Dairy marketing strategy (Commercial inform)
- Forestry Due Diligence Commercial information s47
- Dairy Strategy Consultancy (Commercial information s47)
- Legal Due Diligence (Commercial information s47)
- Environmental Due Diligence (Commercial information s47)

Independent from the platform, CEFC has also engaged:

- External Legals (Commercial info)
- Forestry Due Diligence (Commercial informatio)

**Revision of investment strategy**

The conclusion of these workstreams have resulted in a reconsideration of the Platform's initial deployment and operating strategy.

Instead of acquiring the entire asset and disposing of the dairy portion of the land (approx. 3,000 ha) either at contractual/financial close or subsequently as was contemplated at the Pre-Screen stage, the strategy will now be to still acquire the entire asset but cease the dairy farming operations upon acquisition

Confidential information s45

Confidential information s45

**CEFC commitment**

Confidential information s45

Confidential material s45

**Site Visit**

The Deal Team, CRO and Credit Officer attended a site visit to Rushy, Confidential information s45

The touring group took the opportunity to meet with Commercial info.

cefc

**Acquisition Price**

Confidential information s45 [redacted]

**CEFC Base Case IRR**

Commercial information s47 [redacted]

**Investment Timeline**

- Confidential material s45 [redacted]
- Confidential material s45 [redacted]
- FIRB: Process will commence post IC approval and will be a CP to financial close.

# 4 Investment rationale

Carbon sequestration is a core focus of the CEFC Natural Capital investment strategy, with the land-based sequestration needing to grow to 153m tons CO2e per annum by 2040 (from ~88m tons CO2e today) to meet a 1.5-degree scenario.[2]

The Platform's ambitious greenfield afforestation mandate will sequester circa. 3.2m tons CO2e and will:

- support the increasing and significant demand on the land sector to support hard-to-abate sectors in achieving Australia's Net Zero ambition; and
- deliver high integrity, nature based ACCUs which are expected to carry biodiversity co-benefits:

There is potential for additional carbon sequestration across the Platform, as detailed in **Section 5.5**.

**Demonstration of integrating alternative value-add initiatives**

The Platform will integrate value add initiatives, such as nature restoration, biodiversity credit projects and potentially renewable energy leases, demonstrating a highest and best land use holistic approach to natural capital assets.

**Targeting a key forestry region**

Forestry is a well-established industry in Tasmania and a significant contributor towards the local economy. The regions high rainfall and temperate climates make it particularly well suited to forestry, supporting strong commercial plantations. Additionally, Tasmania's proximity to major domestic markets, such as Sydney and

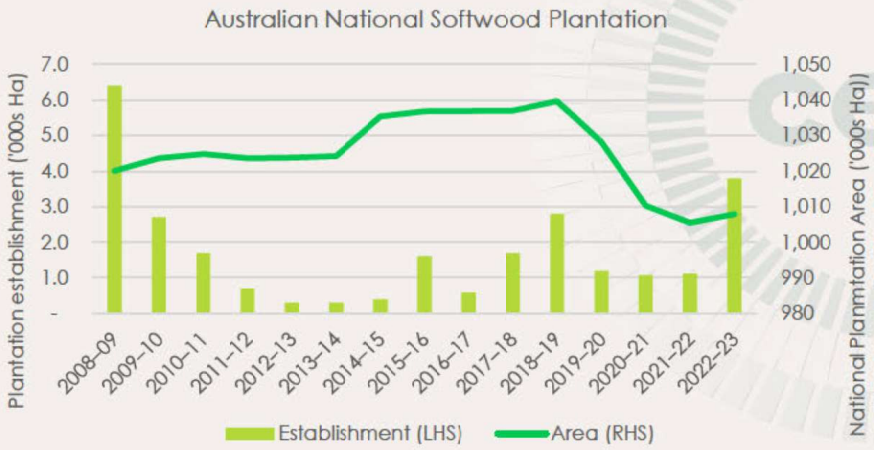
[2] DCCEEW, Emissions projections 2024; CCA, Sector pathways review 2024

Melbourne enhances its strategic importance as a prime region for sustainable timber production.

**Supporting sustainable timber production**

Sustainable timber produced from the plantations will supply the domestic residential construction sector, supporting the forecast shortfall in softwood timber supply.

The economics to establish greenfield softwood plantations have been challenged over the past decade with rising agricultural land prices and weak domestic demand signals, leading to a decline in total plantation area, as observed in the following graph.




In FY23, the most recent year of statistics released, 4,000 Ha of plantation was established nationally. The annual plantings of [Commercial information] alone are expected to contribute 2,000 – 3,000 Ha of additional softwood plantation establishment annually over 5 years.

The reduction in new plantations, which require 25-30 years to reach harvest maturity, has led to a lag in addressing supply shortages. The forecasted shortfall is further exacerbated by growing population expectations and the rising demand for sustainable timber products, placing additional pressure on the domestic market supply.

Recognising the supply constraints, recent Federal Government policy has sought to address key investor concerns and catalyse investment in long rotation forestry projects via:

- Regulatory clarity in the Australian Carbon Credit Market and the 2022 Plantation Forestry Method, supporting investment in greenfield forestry assets, with ACCUs supporting cash flows during timber establishment and growth;
- Federal grants under the Support Plantation Establishment program, from 2023-27, which alleviates upfront costs [Confidential information] [redacted]). The program provides matched funding up to $2000/Ha[4], which Project [Commercial information] [redacted] will be eligible for; and
- The National Housing Accord, providing an aspirational target with supporting A$3.5bn funding for state, territory and local governments to support the delivery of 1.2m new homes over the next 5 years.[5] Although this is a short term target, this signals intent from policy makers to stimulate detached dwelling supply in the coming years.

Project [Commercial information] [redacted] leveraging these market tailwinds, will increase the supply of sustainable softwood timber to Australian markets,

[3] Australian plantation statistics update 2022-23 - DAFF

[4] Support Plantation Establishment program - DAFF

[5] Delivering the National Housing Accord | Treasury.gov.au

supporting the expected demand from the domestic residential construction sector. Further detail on the market impact is outlined in **Appendix E: Tasmanian .**

# 5 Project description

## 5.1 Platform

**The Tasmanian Afforestation Platform is an Initial A$142m evergreen discretionary mandate to invest in greenfield softwood plantations in Tasmania, generating sustainable timber and high integrity nature-based carbon credits.**

The Platform's strategy targets marginal grazing land, suitable for conversion to plantation forestry and close in proximity to key infrastructure facilities, such as the processing facility and port.

Tasmania has been identified as a key region due to its abundant water resources, attractive land prices, temperate climate and proximity to major markets.

For softwood plantations, Tasmania is well positioned to supply key domestic regions, with a North Tasmania port (Bell Bay) providing access to key Australian markets. See **Appendix E: Tasmanian** for further detail.

To supplement the core forestry plantations, the Platform will seek to introduce additional natural capital and value-add initiatives.

Commercial information s47 [redacted]

## 5.2 Seed asset

Commercial information s47 [redacted]

Rushy provides a rare opportunity to acquire a large contiguous asset [21,745 ha] suitable for delivering a significant scale softwood plantation in a prime forestry region and with unique biodiversity and restoration opportunities.

The following map illustrates the location and scale of Rushy in red shading, in North East Tasmania.



**Highest and Best Land Use**

The Tasmanian Department of Natural Resources and Environment uses a Land Capability Classification System (LCSS) to assess land according to its ability to support a range of crops on a long term sustainable basis. Class 1 is the best; Class 7 is poorest.

The State Policy for the Protection of Agricultural Land seeks to protect prime agricultural land from conversion to non-agricultural

uses. It achieves this by setting constraints as to how prime land (Class 1, 2 or 3) can be used. Rushy's lands are generally classified as Class 5 and 6 and as such are not considered prime agriculture land.

Confidential information s45

Confidential information s45

Confidential information s45

**Expansion of Planting Program to marginal Dairy farm operations:**

Following the Pre-Screen, environmental due diligence conducted by Commercial information s47 highlighted concerns of ongoing dairy operations increasing the risk to the RAMSAR Wetland's ecological charter. The RAMSAR wetland is a site designated as being of international importance under the RAMSAR Convention, an environmental treaty signed in 1971 in Ramsar. This site supports critical habitats for waterbirds, migratory species, and six IUCN Red List or nationally threatened species. To protect the integrity of the wetland, Commercial information s47 recommendation was to cease dairy operations and replace the dairy land with plantings. For further details on the significance of the RAMSAR designation, see **Section 5.5 .**

In parallel, Elders, an experienced agriculture sales representative with strong local presence had been engaged by the Platform to test the market for the sale of the dairy farm. Elders completed a marketing campaign, focusing on dairy and beef buyers, actively deploying capital in the region. The sales process closed, with no competitive offers and noted muted interest from the market overall.

The sale process was conducted over 6 weeks from mid-may to end of June. Elders prepared an Information Memorandum, held a data room for prospective buyers and ran a sale process for qualified buyers, broadening the criteria to make it attractive to both dairy and beef operators.

Confidential information s45

Based on this due diligence, the decision has been made to acquire the entire asset but to cease the dairy farming operations as soon as is practicable.

**Cessation of dairy operations**

- Confidential information s45
- Commercial information s47

**Valuation:**

The platform engaged Confidential to undertake an independent valuation of Rushy post the Pre-Screen (**'the platform valuation'**).

Confidential information s45

*Valuation basis:*

Confidential information s45 the platform valuation was undertaken on a **banking basis**, for first mortgage finance, which is typically used when assessing the asset for credit risk and collateral purposes.

Confidential information s45

Both valuations are completed on an "as-is" basis, assuming the current use of land i.e. dairy operations and grazing.

Confidential information s45

Confidential information s45

**Valuation Policy**

The valuation was completed on an 'as-is' basis for acquisition, [redacted]

## 5.3 Silviculture production and marketing

Project [redacted] is expected to produce approximately 5.1 million tonnes of timber. The seed asset is in an established forestry region and will use Radiata Pine, a widely grown softwood species throughout temperate Australian forestry regions.

**Silviculture regime**

Rushy is currently used for grazing and has been previously cleared. Confidential information s45 [redacted]

Confidential information s45 [redacted]

The proposed planting regime and timber productivity assumptions have been reviewed by and considered as reasonable by Confidential information s45 and [redacted] as part of their respective due diligence streams.

**Timber marketing**

At harvest, the logs from Project [redacted] are expected to be processed locally by Tasmanian based sawmills, notably the existing Bell Bay facility and supplied into the domestic Australian market.

Confidential information s45 [redacted]

Confidential information s45 [redacted]

Further detail is included in **Appendix E: Tasmanian [Independent Forester]**.

## 5.4 ACCU production and marketing

Project [redacted] is expected to generate Confidential information s45 [redacted] ACCUs under Schedule 1 of the 2022 Plantation Forestry Method, which supports the establishment and maintenance of new plantation forests for commercial timber production. Refer to Error! Reference source not found. and Error! Reference source not found. .

Project [redacted] is also expected to generate [redacted] ACCUs under Reforestation by Environmental or Mallee Plantings.

**ACCU Marketing**

As investment Manager, Gresham House will be responsible for the sale of ACCUs. [redacted]

The CEFC expects these ACCUs to attract a premium relative to generic units, based on:

- the utilised methodologies ease of demonstrating additionality; and
- A marketing strategy coordinated between Gresham House, Aviva and the CEFC, enhancing project visibility and credibility.

## 5.5 Natural Capital opportunities

The Platform has the potential to demonstrate additional natural capital initiatives including participation in conservation covenants, alternative ACCU methods [e.g. tidal restoration] and biodiversity markets [e.g. nature repair]. [redacted]

[redacted]

Whilst there are a number of new opportunities as outlined above, the asset already hosts existing biodiversity and restoration initiatives, that will be maintained by the Platform, as follows:

Key Biodiversity Features:

- **RAMSAR Wetland** [1,050 hectares]: A site designated as being of international importance under the RAMSAR Convention, an environmental treaty signed in 1971 in Ramsar, Iran and located on the Lower Ringarooma River floodplain. This site supports critical habitats for waterbirds, migratory species, and six IUCN Red List or nationally threatened species; and
- **Conservation Covenant**[6] [~659 hectares]: Existing conservation covenant protected under the Nature Conservation Act 2002 which includes old growth dropping sheoak forest alongside black peppermint, melaleuca and coast wattle ecosystems.

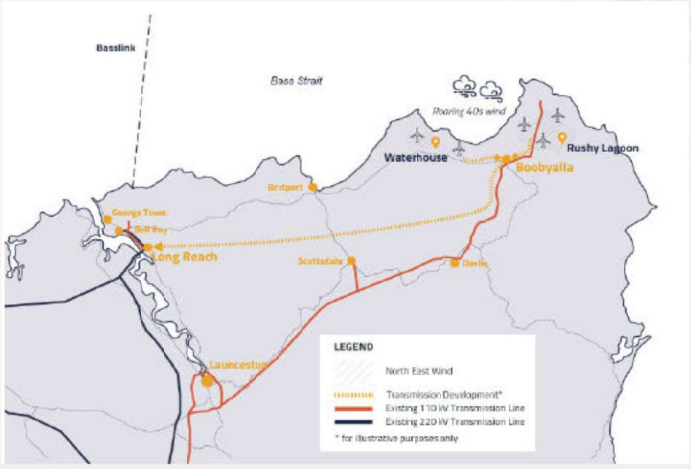
Combining new natural capital initiatives with existing restoration activities, the Rushy Natural Capital Opportunity will demonstrate the integration of forestry, carbon and biodiversity at scale.

[6] Under Tasmanian Nature Conservation Act 2002, conservation covenants are legally binding, voluntary entered agreements registered on land titles, restricting activities that could harm natural values. There are no ongoing payments for the covenant, however the area is exempt from land tax.

## 5.6 Wind Farm lease

Rushy Lagoon holds an Option to Lease agreement for a ~1,000MW (ACEN Windfarm), ACEN is the Ayala Group's public listed energy platform. The ACEN Windfarm is undergoing project assessment and approval, which includes establishment of an independent panel, development of assessment criteria including heritage, environmental, threatened species etc and supporting studies.

Commercial information s47 [redacted]




Commercial information s47 [redacted]

## 5.7 Fund manager – Gresham House Asset Management

Gresham House Asset Management Limited Ltd (**Gresham**) are the investment manager of the Platform.

Gresham are responsible for deploying capital under the Platform, including the acquisition and ongoing management of forestry assets, implementation of strategies on non-core lands and appointing asset managers to oversee operations.

Gresham have a demonstrated track record in alternative investments with GBP £8.7bn AUM [~AUD $18.bn AUM] as of 31 December 2024, Confidential information s45 [redacted]

Confidential information s45 [redacted]

Confidential information s45

[redacted]

Further detail on Gresham House is outlined in **Appendix A: Gresham House Asset** Management

Confidential information s45

[redacted]

Commercial information s47 [redacted]

Confidential information s45 [redacted]

## 5.8 Co-Investor – Aviva Investors Carbon Removal Fund

CEFC will co-invest alongside Aviva Investors Carbon Removal Fund, which is managed by Aviva Investors.

Aviva Investors are a UK based global asset manager and the investment arm of the Aviva Group, the largest insurance company in the UK.

Aviva Investors had GBP £238bn AUM [~AUD $499bn AUM] as of 31 December 2024, across Equities, Multi-asset & Macro, Credit and Real Assets. Confidential information s45 [redacted]

The Aviva Investors Carbon Removal Fund (CRF) aims to enable a tangible, measurable path to net zero for clients Confidential information s4 [redacted].

The CRF is also an Article 9 fund under SFDR.

CEFC and Aviva have collaboratively designed the strategy and jointly led commercial discussions with the investment manager.

This will be Aviva's first natural capital investment in Australia and first exposure to Australian carbon markets. Confidential information s45 [redacted]

Further details on Aviva Investors and the Carbon Removal Fund is outlined in **Appendix : Aviva Investors**

## 5.9 Woodland Manager – Delta Forestry

**Company Profile**

Delta will be engaged by the Platform as woodland manager.

Delta Forestry assists land and forest owners develop and manage their assets to provide renewable forest products, sequester and abate carbon, conserve and enhance biodiversity values, restore natural water balances and improve water quality, increase landscape connectivity, and contribute to rural socioeconomic resilience.

Delta Forestry principally provides development and management services to institutional clients and family offices:

- Development services include the identification and acquisition of suitable greenfield and brownfield forest assets and the provision of carbon assessment services including project registration; and
- Management services include the oversight of forest establishment, maintenance, harvest and timber sales and carbon project coordination, reporting and sales.

Delta's team has previously been involved in largescale afforestation projects. Of most relevance was their involvement as co-founders and senior management at Plantation Management Partners Pty Ltd, which built and managed a forestry estate of over 60,000 hectares before being acquired by Midway Limited in 2017.

Commercial information s47 [redacted]

**Replacement of Manager**

Confidential information s45 [redacted]

Rushy and the target region are in an established forestry region with many alternative woodland managers.

The current agreement is set at market rates, making it commercially replicable.

**Asset Management Fees**

Confidential information s45 [redacted]

As part of the forestry diligence, Commercial informa [redacted] have opined that:

- The overall forestry overheads (which include the woodland manager fees) are within market expectations; and
- The logic of the arrangement is to provide a fee framework which fairly compensates an efficient property manager for their inputs with a reasonable profit margin and an appropriate incentive for the property manager to positively affect the asset returns.

Refer to **Appendix I: Sources and uses** for detail of fees paid to Delta Forestry during the expected hold period.

## 5.10 Uses of funds

Confidential information s45

Confidential information s45

| Confidential information s45 | | | |
|---|---|---|---|
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| | | | |

Refer to **Appendix I: Sources and uses** for further detail.

NB:

- Commercial information s47

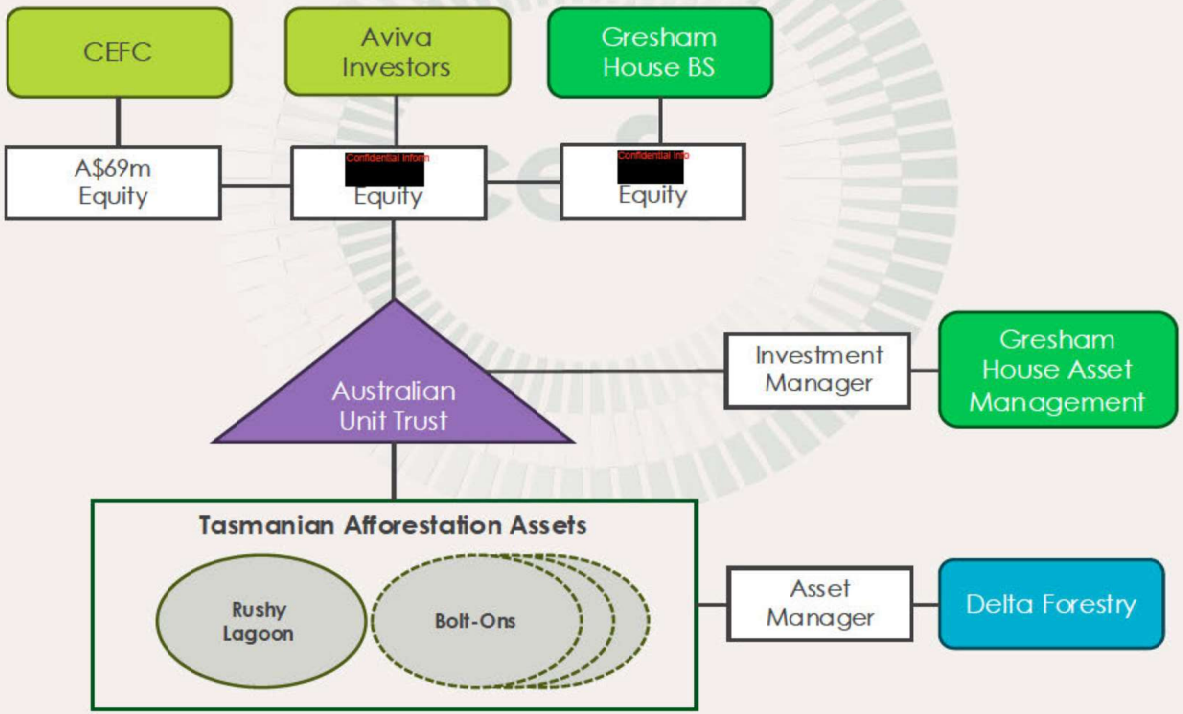
- Commercial information s47 [redacted]

## 5.11 Investment structure

The Platform will establish a privately held Australian unit trust to hold the Australian afforestation assets. GHAM will appoint an external Australian based trustee.

legal professional privilege (s 42) [redacted]

The figure below out outlines the key counterparties, investment structure of Project [redacted]



## 5.12 Exit strategy

Commercial information s47

[redacted]

Confidential information s45

[redacted]

Commercial information s47

[redacted]

commercial information s47

commercial information s47

# 6 Investment analysis

## 6.1 Investment terms

| TERMS | |
|---|---|
| **Manager** | Gresham House Asset Management |
| **Structure** | Privately Held Trading Australian Unit Trust [Flow through Trust] |
| **Type of Interest** | Units |
| **Term** | Open-ended Platform |
| **Investment period** | commercial information s47<br>Confidential information s45 |
| **Co-Investors** | Aviva via the Aviva Carbon Removal Fund (CRF)<br>Gresham House Limited (GHL) |

| TERMS | |
|---|---|
| | commercial information s47 |
| **CEFC Proposed % Interest** | Confidential info at contractual close<br>Confidential information s45 |
| **Target Fund Size** | Initial Platform Size: $142m<br>commercial information s47 |
| **Matching Equity** | Aviva: Confidential info commitment<br>Gresham House Limited: Confidential info commitment |
| **Indicative IRR** [pre and post fees] | commercial information s47 |
| Confidential information s45 | |

| TERMS | |
|---|---|
| Confidential information s45 | |
| **Flow Through or Taxable Structure** | commercial information s47 |
| **Accounting Treatment** | Not consolidated.<br>Associate reporting requirements at >20% holding. |
| **CEFC Holding Vehicle** | CIPL |
| **Leverage** | commercial information s47 |
| **Geographic Focus** | Tasmania, Australia |
| **Technology** | [redacted] |
| **Target Assets** | Marginal land for conversion to plantation forestry |
| **CEFC Governance** | commercial information s47 |

| TERMS | |
|---|---|
| | • commercial information s47 |
| **Exit provisions** | commercial information s47 |

| TERMS | |
|---|---|
| | commercial information s47 [redacted] |
| **Due diligence costs** | commercial information s47 [redacted] |

commercial information s47 [redacted]

## 6.2 Financial model

The financial model was prepared by Gresham House, commercial information s47 [redacted]

The model and assumptions have been reviewed by commercial information s47 [redacted] a forestry advisor engaged by the platform investors, and subsequently by commercial informa [redacted] engaged by the CEFC.

## 6.3 Base case returns

commercial information s47 [redacted]

commercial information s47

- Commercial information s47
- Commercial information s47
- commercial information s47

## 6.4 Upside potential

The CEFC Base Case conservatively excludes items which are yet to be confirmed:

- **Support Plantation Establishment Program [Grant Funding]** - Launched in October 2022 by the Department of Agriculture, Fisheries and Forestry, this program allocates $74m through 2027 to support the establishment of new long-rotation softwood and hardwood plantations. Eligible projects may receive matched funding of up to $2,000 per hectare.

commercial information s47

## 6.5 Base case assumptions

The following table outlines the key assumptions underpinning the Financial Base Case. Modelling assumptions are presented in real terms, given the forestry asset class is considered an inflation hedge.

See **Appendix H: Key** for the basis of the assumptions.

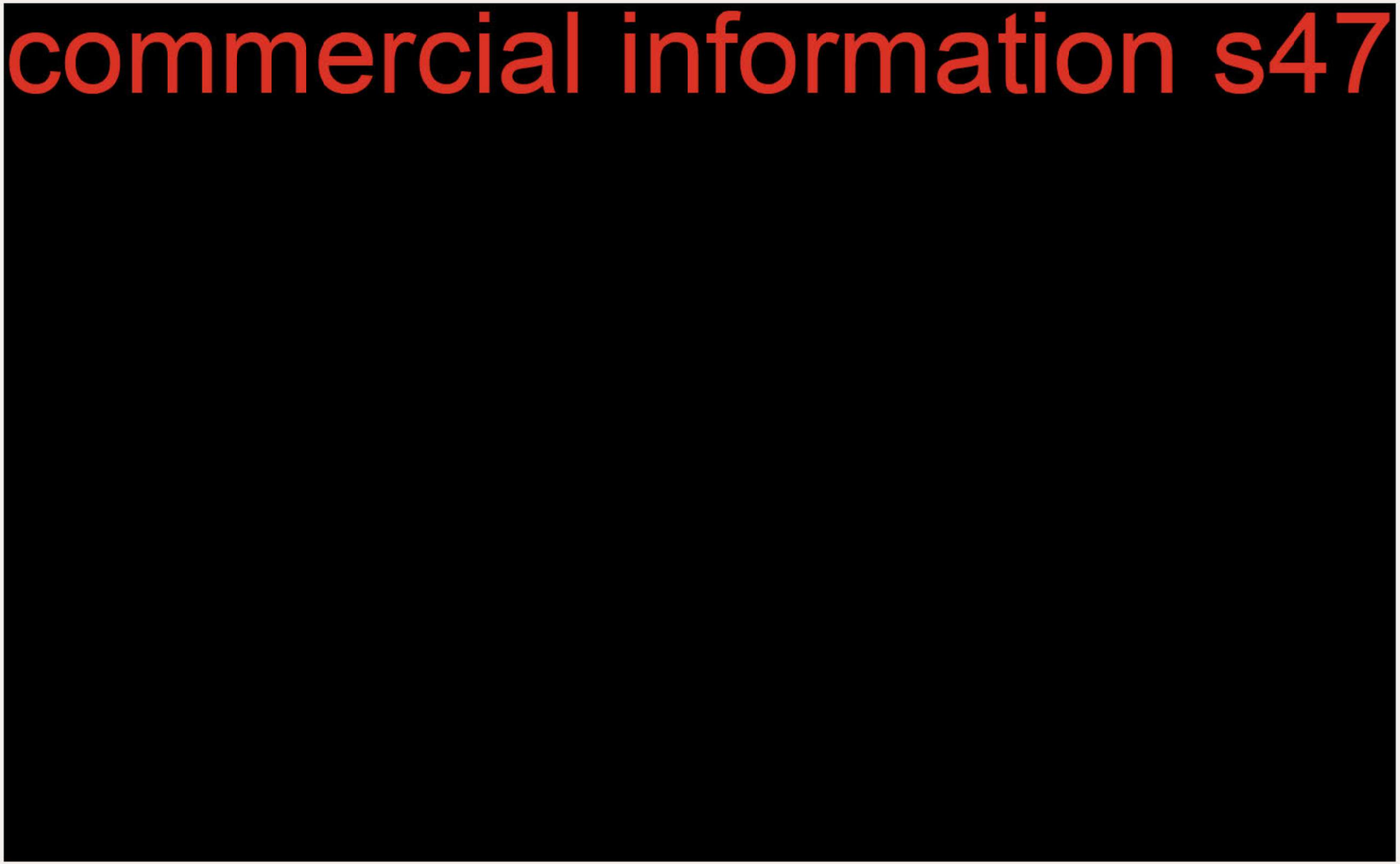
| Key Base Case Assumptions | Assumptions |
|---|---|
| **Land price entry** | commercial information s47 |
| **Land price escalation** | commercial information s47 |

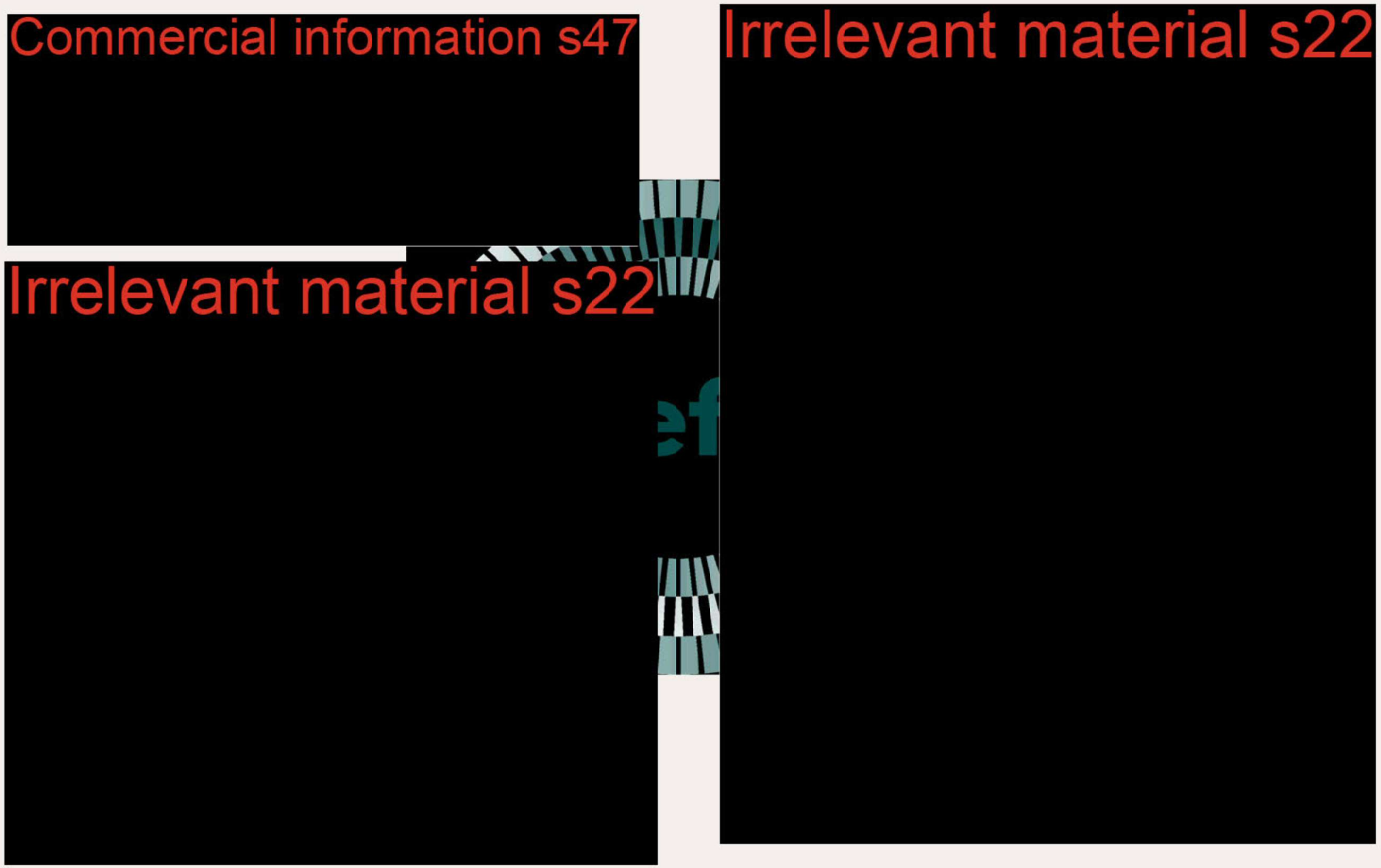
| | |
|---|---|
| Real Log Price Escalation | commercial information s47 |
| Log Price Start | commercial information s47 |
| Timber Productivity | commercial information s47 |
| ACCU Price Curve | • commercial information s47 |
| ACCU Volumes – | commercial information s47 |
| Forestry Operating and Capital Expenses | commercial information s47 |
| Asset Management Fees<br>*Delta Forestry* | commercial information s47 |

| | |
|---|---|
| | commercial information s47 |
| Incoming Investor Required Return | commercial information s47 |
| Capital Structure | commercial information s47 |

## 6.6 Financial model sensitivities

commercial information s47


commercial information s47


Commercial information s47
Irrelevant material s22
Irrelevant material s22


Irrelevant material s22


Irrelevant material s22


Irrelevant material s22

Irrelevant material s22



Irrelevant material s22


Irrelevant material s22

## 7.1 Single entity exposure

Commercial information s47

## 7.2 Asset management

Commercial information s47

As a discretionary mandate, this will include close interactions with the management team on prospective investments being considered Commercial information s47

# 8 Reviews

## 8.1 CRO/ Director review

Project [redacted] provides CEFC with an opportunity to participate in the establishment of a Tasmanian afforestation and Natural Capital fund. This will be executed via a newly formed unit trust, alongside co-investors Aviva and Gresham House (also the Fund Manager).

The fund will be initially capitalised at $142m inclusive of a CEFC commitment of $69m representing 48% of the committed capital. Confidential information s45 21,000- hectare Rushy Lagoon land aggregation in North East Tasmania which will be converted from dairy/grazing property to a radiata pine plantation with environmental plantings over a five year period. The asset is considered unique due to its size and as it contains a Ramsar wetlands site within the property (one of only 67 such sites across Australia).

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The investment strategy for the seed asset has evolved from the version presented at pre-screen, which proposed carving out and selling the existing 3,029-hectare dairy operations to a third party. Due to lack of market appetite and due diligence outcomes, the revised strategy is to retain and utilise the land for expansion of forestry activities. This change is considered a net positive, despite the lower target return, as it reduces uncertainty and execution risk associated with the sale process and mitigates potential environmental risks to the Ramsar wetlands from any expansion in dairy activities.

Irrelevant material s22


Irrelevant material s22


Irrelevant material s22

Irrelevant material s22

***Outstanding Matters***

Irrelevant material s22

Irrelevant material s22

- Confidential information s45

- FIRB approval – As a foreign investor, Aviva will need FIRB approval. We understand that this is well advanced with Aviva expecting a favourable outcome [in the coming months].

## 8.2 EIC considerations

At the pre-screen of Project [redacted] at EIC 264, the EIC discussed:

- Social license considerations of establishing plantation forestry assets in Tasmania. Addressed above in **Other environmental and social impact considerations**
- The due diligence works streams, for both the Platform and the asset, and prospective investor site visit. Addressed in **Appendix : Due diligence and legal workstreams**
- The parties to the transaction, their relative expertise in delivering this project (Aviva Investors, as our capital partner; Gresham House, as the investment manager; Delta Forestry, as the asset manager.) This is addressed in following respective sections:
    - **Fund manager – Gresham House Asset Management**
    - **Co-Investor – Aviva Investors Carbon Removal Fund**
    - **Woodland Manager – Delta Forestry**

Since the presentation of Project [redacted] at EIC264:

- Confidential information s45 [redacted]
- [redacted]
- The Deal Team have progressed the acquisition of the seed asset in parallel and are seeking approval to execute the acquisition, subject to confirmatory legal due diligence, sale price and dairy divestment strategy.
- Confidential information s45 [redacted]


Irrelevant material s22


Irrelevant material s22

# Appendix C: ACCU market

### Generic ACCU Prices and Forecasts

Commercial information s47 Price volatility is dependent on compliance market regulatory developments and the respective carbon project.

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The generic spot price refers to the daily volume weighted average price of spot trades for ACCUs with an unspecified method. Spot trade data is compiled from trades reported by Jarden and CORE markets.

Future prices are expected to increase due to a market imbalance created by increasingly stringent compliance market regulations and increased voluntary demand from corporates and governments to offset emissions. This demand is expected to outpace the supply of ACCUs regardless of the scenario.

### Plantation Forestry ACCU Premium

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Buyers are willing to pay premiums for projects with positive externalities and desirable characteristics, in the case of Plantation Forestry this is tangibility, ease of demonstrating additionality, and in some case, integration with First Nations and Biodiversity outcomes.

Commercial information s47

# Appendix D: 2022 Plantation Forestry method

**The 2022 Plantation Forestry method enables ACCU generation from the establishment and management of plantation forests. It includes four eligible project types (Schedules 1–4), with Schedule 1, the establishment of new commercial plantations, being most relevant to Project** [redacted]

**Key features:**

- **Carbon accounting**: Based on modelled sequestration using the 2016 FullCAM tool, incorporating species, location, and management practices
- **No on-ground measurement**: ACCU volumes are determined at registration and credited based on compliance, hence reducing delivery risk
- **Reporting**: Required at least every 5 years, with a minimum of three audits over the crediting period
- **Crediting period**: 25 years
- **Credit issuance**:
  - Most ACCUs are generated between years 4–8, when tree growth is fastest,
  - Credit issuance stops once the plantation reaches its long-term average carbon stock.

**The method**

| 2022 Plantation Forestry Method | |
|---|---|
| **Schedule 1** | Establishing and maintaining a new plantation forest for commercial harvesting of wood products |
| **Schedule 2** | Converting an existing short rotation plantation forest to a long rotation plantation forest for commercial harvesting of wood products |
| **Schedule 3** | Avoiding conversion of an existing or recently harvested plantation forest |
| **Schedule 4** | Transitioning a plantation forest to a permanent forest, in situations where that plantation is at risk of being converted to non-forested land |

**History**

The first plantation forestry method under the Australian Carbon Market was introduced in 2013 via the Reforestation and Afforestation Method. This was later revised and replaced by the 2022 Plantation Forestry Method, which built on earlier frameworks and introduced two new project types: Schedule 3 (avoiding conversion) and Schedule 4 (transitioning to permanent forest).

As of April 2025, the Clean Energy Regulator (CER) has issued 955,497 ACCUs across 29 plantation forestry projects since FY15.

**Registration**

Projects are registered with a Forward Abatement Schedule using the 2016 FullCAM model, which estimates total abatement over the 25-year crediting period. A Forest Management Plan (**FMP**) outlines the operational inputs to FullCAM, including thinning, pruning, harvesting, fertilising, controlled burning, and fossil fuel emissions. These inputs are used to model carbon stock changes and net abatement.

**Reporting & auditing**

Projects must report at least every five years, detailing compliance with the method and the FMP. The CER provides an audit schedule upon project declaration, requiring at least three audits over the 25-year crediting period.

### ACCU volume forecast

Under Schedule 1, ACCU generation is fully modelled; on-ground measurements or remote sensing are not required. Key features include:

- Baseline carbon stock assumed to be zero;
- Projected carbon stock calculated pre-registration using FullCAM;
  - Inputs include location, species, timing, and management scenarios;
  - Emissions from management activities are factored into the initial model
- Modelled yield is credited, unless reversal events or non-compliance occur.

Commercial information s47

### Crediting

Most ACCUs are generated between years 4 and 8, when tree growth is fastest. Credit issuance is based on the long-term average carbon stock, smoothing the impact of harvest cycles. Once this average is reached, crediting ceases, though reporting continues until the end of the 25-year period.

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### Reversal Event

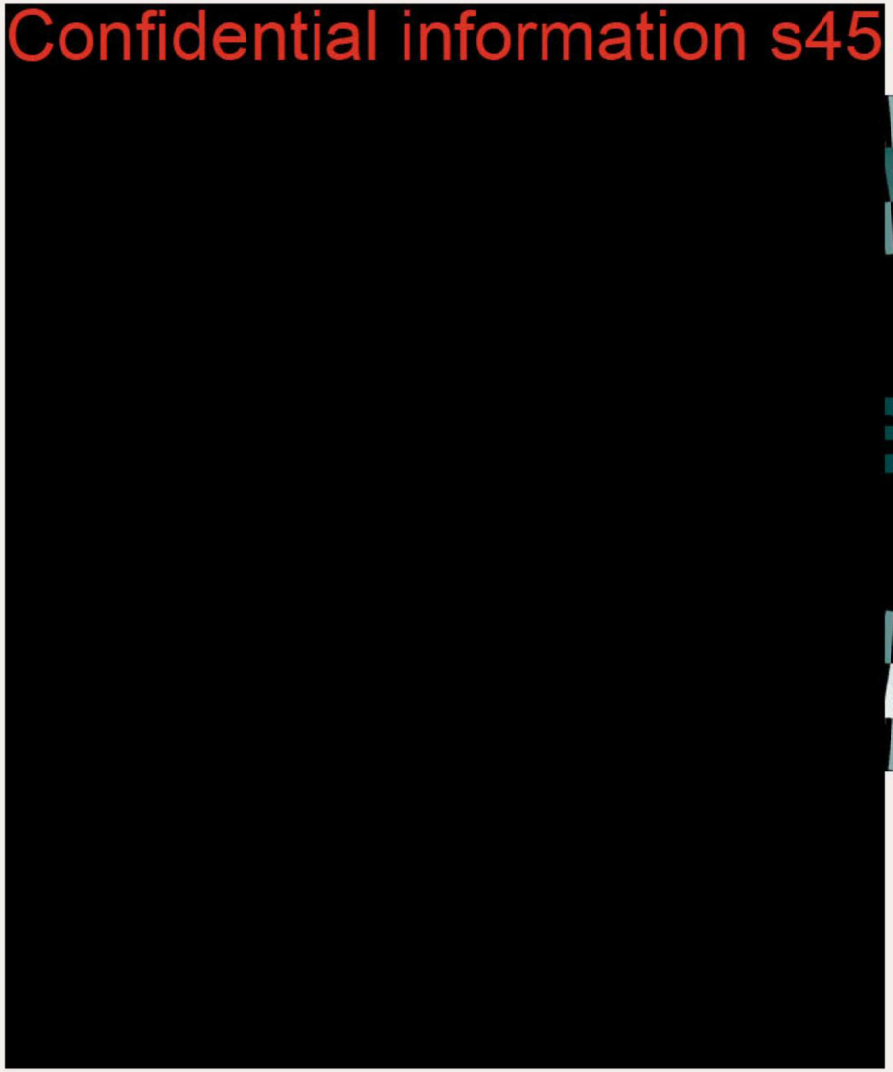
A natural event resulting in the loss of more than 5% of the planted area is classified as a significant reversal of carbon stores (**Reversal Event**). The most likely causes are fire and wind.

If such loss occurs, the CER will assess whether reasonable risk mitigation measures were in place.

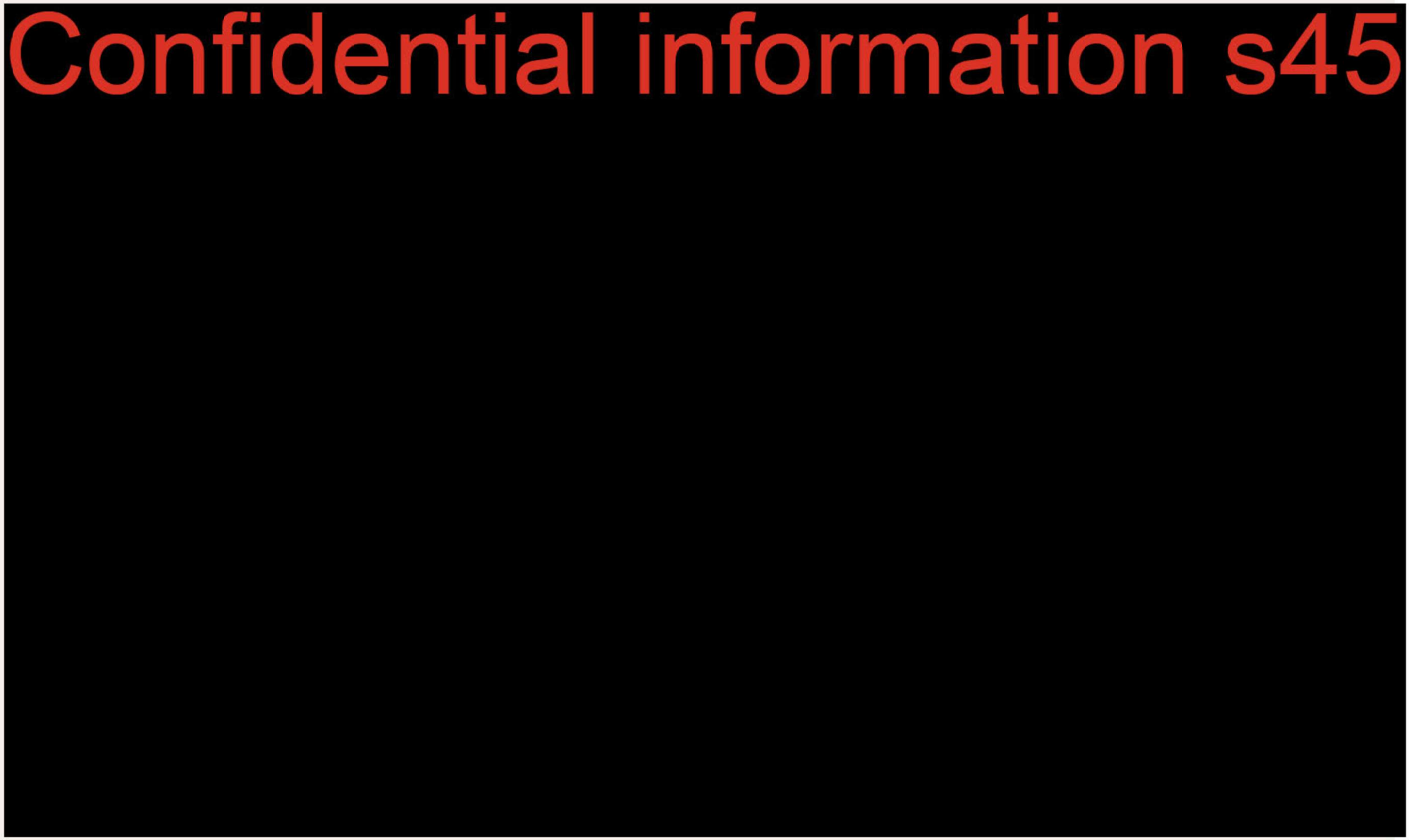
- If reasonable risk mitigation was taken, no further obligations may apply.
- If risk mitigation was inadequate, the proponent may be required to:
  - restore lost carbon stores (i.e. through replanting), or
  - surrender ACCUs equivalent to the carbon lost, if restoration is not feasible or desired.

# Appendix E: Tasmanian softwood market [Independent Forester]

Confidential information s45



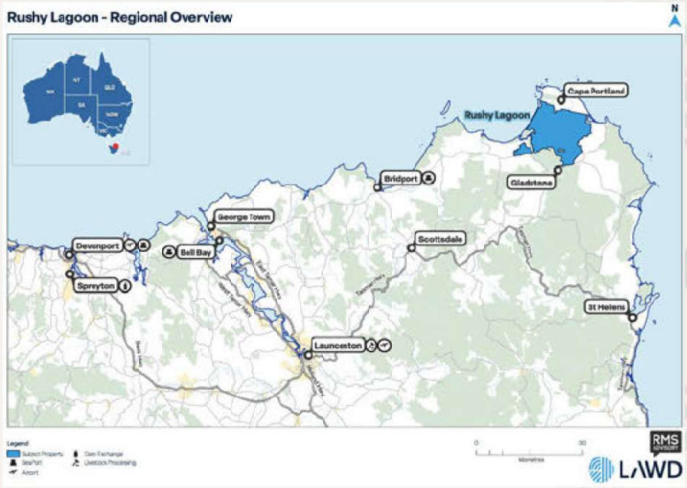
Confidential information s45


Confidential information s45

# Appendix F: Rushy Lagoon

### Location

Rushy Lagoon is composed of two contiguous properties known as Rushy Lagoon (20,523 Ha) and East Wyambi (1,221 Ha) located in Northeast Tasmania. The Properties consist of 77 individual Certificates of Title.




### Current Operations [Grazing and Dairy]

Confidential information s45

The dairy operation occurs on Rushy Lagoon and comprises approximately 3,029 Ha. 1,800 cows are milked through two rotary dairies (one constructed circa 2015 and the other in 2020). The dairy activities occur on ten contiguous titles in the southwest corner of Rushy Lagoon.

Majority of the arable area across the Properties is currently utilised for beef breeding. Young cattle are reared for eight to 12 months before being sold into a range of markets in Tasmania and mainland Australia as feeder and re-stocker cattle.

Approximately 659 hectares of land on Rushy Lagoon have been set aside under a Conservation Covenant (Nature Conservation Act 2002).

Confidential information s47

### Strategy

Rushy is integral to the Platform's strategy due to its unique scale in the region, which significantly mitigates the risks associated with deploying the Initial Mandate.

The strategy for Rushy involves establishing 9,600 hectares of softwood plantations Confidential information s47

Additionally, the strategy will introduce EP ACCU projects in suitable areas, enhancing carbon sequestered and biodiversity benefits. In the future, there is potential for participation in biodiversity markets, such as nature repair.

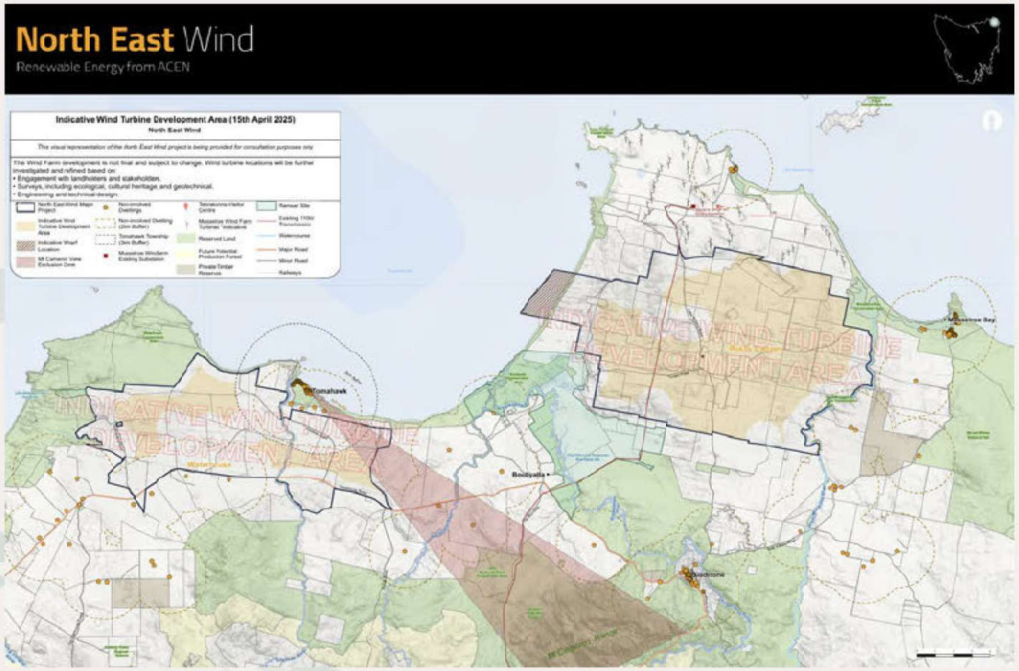
Further bolt-on opportunities will be considered as new capital comes into the strategy.

### Wind Farm Development

The vendors have an Option to Lease Agreement (covering areas on both Rushy Lagoon and East Wyambi) with ACEN Australia Pty Ltd to develop a ~1,000MW wind farm.

Commercial information s45 [redacted]

Increasingly, wind farm developments are being integrated into forestry assets where they introduce alternative revenue streams that are value accretive. Although the windfarm development has not been incorporated into CEFC's base case, Commercial information s47 [redacted]

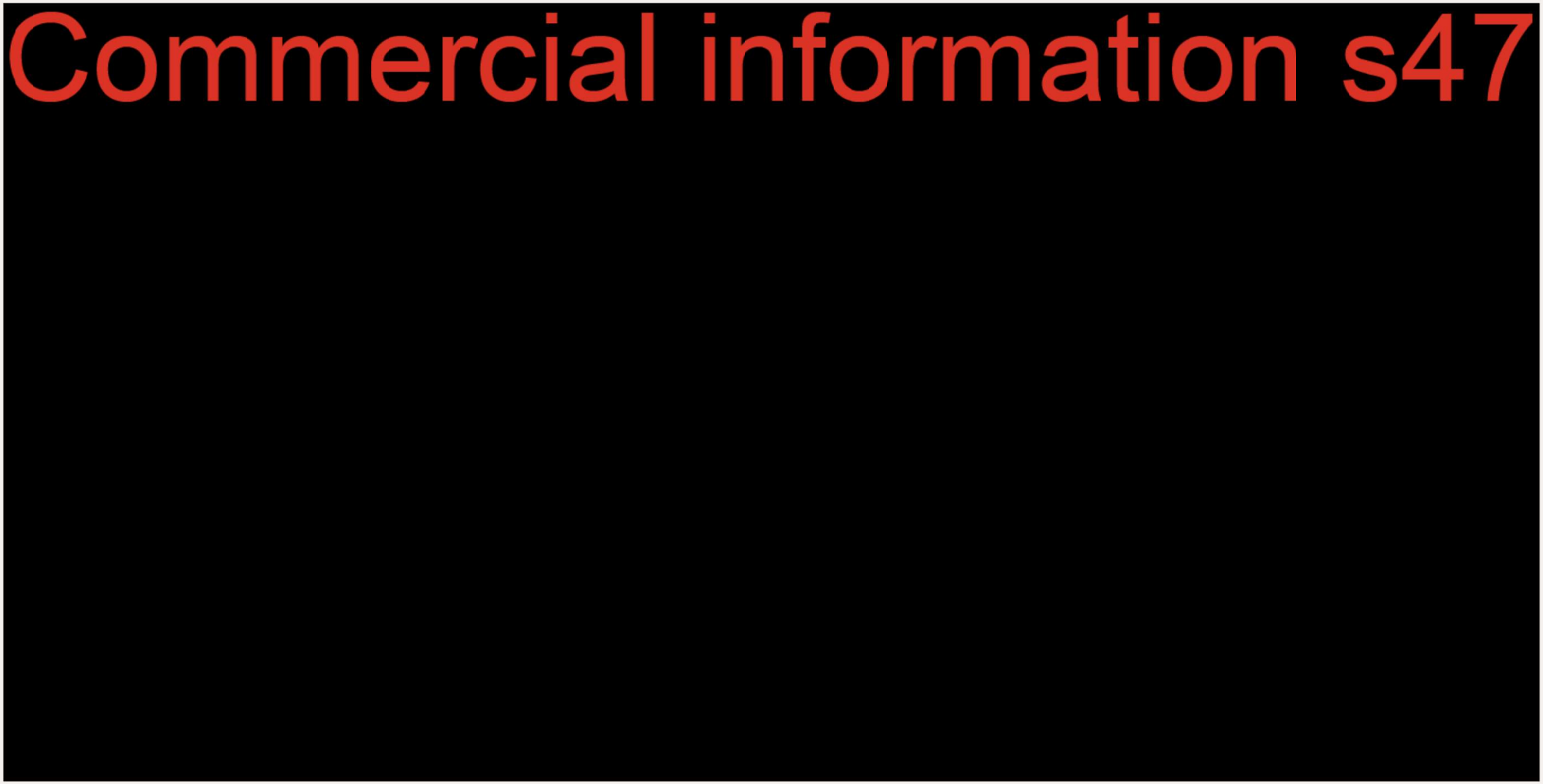


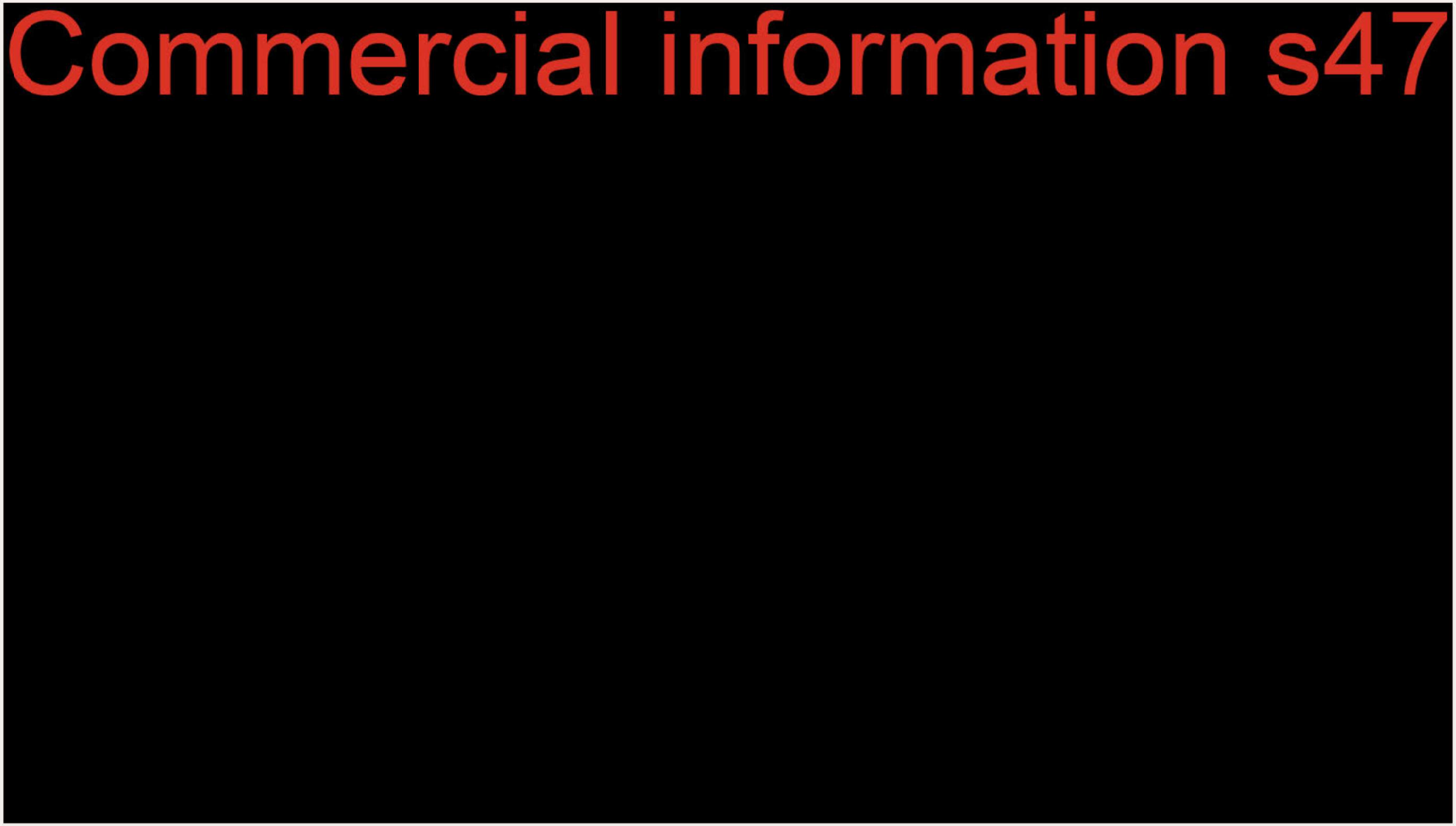
# Appendix G: Due diligence and legal workstreams

| Report / Topic |
|---|
| **CEFC Mandated** |
| Forestry Advisor |
| Platform Legal Documents |
| **Platform Mandated** |
| Rushy Lagoon Forest Practices Officer Report |
| Financial Model Assumption Review Report |
| Tasmanian Softwood Market Report |
| Environmental Assessment Screening Report |
| Rushy Lagoon Valuation Report |
| Rushy Lagoon E&S Assessment |
| Rushy Lagoon Dairy Consultant |
| Rushy Lagoon Plantation Forestry Feasibility |
| Legal Conveyancing |
| Dairy Resale Agents |
| Platform Legal Documents |

Confidential information s45

## Appendix H: Key base case assumptions




Commercial information s47


Confidential information s45

Confidential material s45



## Appendix I: Sources and uses



# Appendix J: Corporate KPIs & market impact

## 8.3 Corporate KPIs

**1. Leadership**

Project [redacted] is an example of the CEFC's leadership, as a focused afforestation mandate, driving maximum carbon sequestration and crowding-in international capital to a sector that is critical in supporting Australia's Net Zero target.

The strategy serves as a demonstration of the future of Natural Capital assets, applying a highest and best land use framework to transform low value grazing land to afforestation whilst integrating nature restoration and biodiversity initiatives. The Seed Asset showcases the potential of the strategy.

Dedicated afforestation and natural capital mandates are innovative in the Australian market, with limited investment in new softwood plantations over recent years and biodiversity markets at the earlier stage of development, Project [redacted] will showcase the potential of a truly integrated natural capital platform, deliver sustainable timber production, and acheive a meaningful carbon impact.

**2. Crowding in capital**

Project [redacted] strategy has been designed in collaboration with Aviva, a high-quality international co-investor, marking Aviva's first Australian Natural Capital investment. Project [redacted] provides an opportunity to commence a new strategic capital partnership with Aviva.

**3. <u>Emissions Reduction</u>**

Project [redacted] has the potential to sequester carbon through land use changes from conversion of marginal farmland to plantation forestry and nature restoration, recognised via generation of circa.:

- [redacted] **Plantation Forestry ACCUs**, and,
- [redacted] **Environmental Planting ACCUs**.

[redacted]

These additional initiatives are not considered in the base case . Further detail is considered in **Section 6.4**.

## 8.4 Market impact

**Project [redacted] strengthens the Australian Carbon Market while demonstrating the future of natural capital investments in Australia.**

Through an integrated approach, Project [redacted]

- maximises carbon sequestration through an ambitious greenfield forestry mandate;
- delivers significant nature based high integrity ACCUs ;
- delivers potential for alternative carbon schemes such as Verra or Gold Standard;
- delivers nature restoration and biodiversity potential, and
- has the potential to integrate a renewable energy asset.

The mandate can be grown to attract further investment or could be replicated in other regions in Australia.

Project [redacted] through its increased supply of high-integrity ACCUs, supports the efficient operation of carbon markets and the Safeguard Mechanism.

## Appendix K: IRR impacts since pre-screen




[11] Mean Annual Increment: average growth per tree per year. Measured in metres cubed per ha.

# Appendix L: Clean energy and other impact analysis

## Complying investment

The Transaction is a complying Investment, as presented at Pre-Screen, noting the increased ACCU yield expected from the Seed Asset, and additional positive externality of increased biodiversity resulting from use of the Environmental Planting ACCU method in addition to the Plantation Forestry method previously proposed.

Irrelevant material s22

| ESG risks assessments | Status | Comments |
|---|---|---|
| Climate risk disclosure | **Not completed** | Climate disclosure assessment on Gresham House has been completed. Confidential information s45 Confidential material s45 |

| ESG risks assessments | Status | Comments |
|---|---|---|
| | | Confidential material s45 |
| Ecological impact | **Medium** Choose an item. | Gresham will manage risk monitoring and implement policies to minimise risk to surrounding environment. CEFC will receive reporting of monitoring activities and notification of any trigger events and corrective actions. |
| WHS/Labour practices | **Low** | Delta Forestry will ensure that any building work carried out by the Platform is undertaken by an accredited entity where required by the Federal Safety Commissioner Act 2022 (Cth). |
| Modern slavery | **Medium** | Refer to **Section 7 (Reputational risk)** |
| First Nations | **Medium** | Culturally significant sites have been identified on the plantation site. |
| Social licence | **Low** | Gresham will continue to conduct social licence screening as part of the Platform asset acquisitions via their ESG Tool and through local community engagement. As an established forestry region this risk is considered low. Gresham have |

| ESG risks assessments | Status | Comments |
|---|---|---|
| | | assessed this risk as low for Rushy, refer to **Section 6**. |
| Equity and opportunity | **Low** | Nil |
| Anti-corruption and competitive behaviour | **Low** | Nil |

| ESG Opportunities | Comment on indicator | Rating |
|---|---|---|
| Social licence | **Manager due diligence & well established forestry region:** Tasmania is a well-established forestry region, with the sector providing positive economic benefit. Gresham have undertaken due diligence to assess social licencing including local engagements, ESG tool screening and engagement of [redacted]. | Firm |
| Positive impact on nature and biodiversity | **Nature and restoration initiatives:** Significant positive impacts from restoration and biodiversity initiatives, including Environmental Planting ACCUs and potential Nature Repair Market credits or other biodiversity credits.<br>Gresham will be baselining biodiversity and measuring impact of activities over time. | Firm |
| Broder economic benefit | **Tasmanian job creation:** | Aspirational |
| | Contractors will be sourced from local Tasmanian market as preference.<br>**Supply of softwood to domestic:**<br>Increased supply of softwood logs will support Australian residential construction and reduce the need for imports. | |

## Other environmental and social impact considerations

Social licence:

Forestry is a well-established industry in Tasmania, with nearly half of the landmass forested via native or plantation trees based on recent Tasmanian Government reports. Forestry is a significant contributor to the local economy, with the Australian Bureau of Statistics estimating ~15,500 individuals are employed across forestry, aquaculture and mining sectors, contributing ~$4bn annually to the state economy.

The Platform will acquire properties in North Tasmania in high rainfall zones that can be suitably converted to plantation forestry. These properties are typically acquired from private landowners, seeking to downside or sell grazing land and therefore, do not compete with prior agriculture production. Additionally, this region is acquainted to forestry, has access to key infrastructure and is expected to generate local forestry contract jobs.

Potential for local employment opportunities:

Project [redacted] is expected to provide local employment opportunities during the establishment, thinning and harvesting phase of operations. As typical with plantation forestry, contractors are hired by the asset manager, Delta Forestry, to support the establishment and maintenance activities.

Not relevant to FOI request

EXECUTIVE INVESTMENT COMMITTEE (**EIC**)
MINUTES OF MEETING NO.269
HELD ON TUESDAY 12 AUGUST 2025 & MONDAY
18 AUGUST 2025
VIA VIDEO-CONFERENCE

**Committee:** Personal information

**Apologies:** Nil

**Others Attending:** Personal information

## Session 1: Tuesday 12 August 2025

At 9:00am (AEST) the Chair declared the meeting open, confirming there was a quorum. All times are listed in AEST.


Not relevant to FOI request


Not relevant to FOI request


Not relevant to FOI request


Not relevant to FOI request

## Agenda Item 6(c) Project [redacted] (Aviva Investors) Detailed screen

Commercial information s47

[redacted]

**Following discussion, the EIC (including the CEO) approved:**

1. **the CEFC entering into binding contractual documentation to commit CEFC funding to Project [redacted] (Investment), subject to:**
   a) **a maximum commitment amount of $69m;**
   b) **the CEFC not at any time holding an interest in the Investment that would require consolidation of the Investment or any underlying assets for accounting purposes; and**
   c) **binding contractual documentation being signed no later than 180 days from the date of this approval.**
2. **Management being authorised to do all things necessary and/or desirable to give effect to and manage the Investment and that:**
   a) **the Investment be made through the Corporation's wholly owned subsidiary, CEFC Investments Pty Ltd (CIPL), and CIPL is authorised and directed to make the Investment on the terms set out in this resolution (including without limitation satisfaction of the conditions contained in the delegation referred to in paragraph 2 above); and**
   b) **the Corporation is authorised to advance funds to CIPL to make the Investment, and CIPL is authorised to borrow funds from the Corporation to fund the Investment. [EIC269D07]**

Commercial information s47

[redacted]

Personal information

[redacted]

Not relevant to FOI request

[redacted]

- Not relevant to FOI request

**The EIC was adjourned at 3:30pm AEST on Tuesday 12 August 2025.**

## Session 2: Monday 18 August 2025

The meeting resumed at 11:00am AEST on Monday 18 August 2025 attended by all Committee members. Also in attendance were CIO – Infrastructure and Alternatives, General Counsel and Chief Public Affairs Officer (CPAO).

Not relevant to FOI request

Not relevant to FOI request

Not relevant to FOI request

Not relevant to FOI request

Meeting closed at 1.32pm.

signature

**Ian Learmonth**

Chair

Gresham House
Specialist investment

evolution trustees

Evolution Trustees Limited (ACN 611 839 519) (Trustee)
as trustee for the *Tasmania Natural Asset Trust* (Trust)
LEVEL 15, 68 PITT STREET
SYDNEY
New South Wales
2000 AUSTRALIA

notices@cefc.com.au
CEFC Investments Pty Ltd (CEFC Investor)
FAO General Counsel
Suite 1702
1 Bligh Street
Sydney
NSW 2000
Australia

8 July 2026

Dear CEFC Investor,

**Funding Notice #3 – Tasmania Natural Asset Trust ("Trust")**

This Funding Notice is being delivered following instruction to the Trustee from Gresham House Asset Management Limited ("the Forestry Platform Manager").

The Funding Notice has been prepared further to the execution of the Trust Deed dated 31 October 2025, the Unitholder Agreement dated 31 October 2025, the Subscription Deed dated 31 October 2025 between, among other parties, Evolution Trustees Limited (ACN 611 839 519) in its capacity as trustee of the Trust and the CEFC Investor, in respect of the CEFC Investor's total capital commitment in the Trust.

Confidential information s45 [redacted]

**Funding Purposes for the Trust**

Confidential information s45 [redacted]

The amount payable in relation to your Total Commitment is detailed below.

Gresham House
Specialist investment

evolution trustees

**Payment Instructions**

Confidential information s45

**Please note that the Funding Amount remitted should be in full, net of all bank charges.**

**Total Commitment Details**

Please refer to the table below for details of your Total Commitment transaction information (all figures are in AUD):

Confidential information s45

| Total Commitment | Notes |
|---|---|
| $69,000,000 | Per Subscription Deed dated 31 October 2025 |

Confidential information s45

Should you have any questions, please contact Personal information and Personal information