



Manuka forestry

Optimum sustainable land use for
Class 6+ land in the CNI and LNI

What are we doing?



Establishing Manuka Forests on class 6 land and above



Geography is Central and Lower North Island with more stable climate during flowering



Properties 300 ha and above



Spot spray and plant in winter to early spring



Focus on pest control during establishment (five years)



Register in ETS



Waimarie Mānuka LP

Date close / **01.05.19**

Waimarie Mānuka Limited Partnership owns New Zealand's first large-scale Mānuka plantation being developed and share farmed by Comvita.

The partnership will receive 35% of honey revenue and 100% of the carbon credits earned as a result of conversion from pasture to Mānuka. The Partnership owns two properties, a 315 ha property near Pongaroa on the east of the main divide, and a 1,476 ha property near Kakatahi inland from Whanganui on the west of the main divide.

Birch Hill LP

Date close / **21.02.21**

This limited partnership was formed to develop a portfolio of Mānuka Forests located in the central and lower North Island. The initial Pongaroa Forest has planted 465.4 cha of Mānuka. The partnership recently purchased a forestry right for the development of 325 ha of Mānuka Forest and 360 ha of Eucalyptus. From these forests the Limited Partnership will derive income from the Mānuka honey and carbon credits.

In partnership with Comvita & eLandNZ, the partnership will undertake substantial development of the property and receive a share of honey revenue and carbon credits.



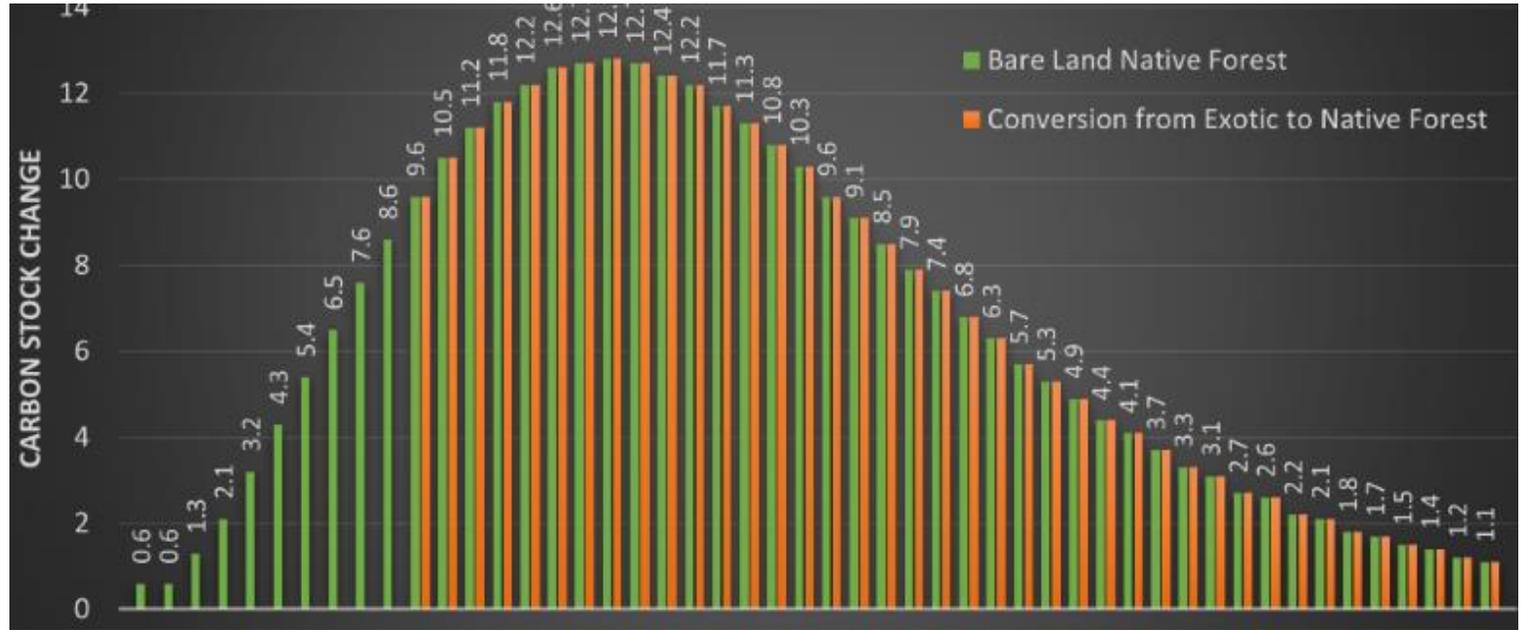


Photo Credit: Comvita

Why are we doing it?

- Optimum long term land use for these properties
- Have two attractive income streams; Manuka and Carbon
- Significant growth potential in mono-floral manuka honey market
- Low touch operating model
- Achieve substantive ESG aims





Erosion management
 Biodiversity
 Carbon

How are we operating?

- Partnership with Comvita
- We are the landowners and they are the vertically integrated Manuka honey partners
- Shared establishment
- Share of honey and share of carbon

Comvita role and duties

- Long term land use agreement
- Supervise establishment
- Provide improved plant populations
- Provide apiary services



Photo Credit: Comvita



Drivers of return

- Honey Yield
- Honey Quality (UMF or GMO)
- Carbon sequestration rate
- Property price
- Effective area
- Development cost (access)
- Share of revenue with business partner



Kg Honey		Honey Revenue \$/Kg		
		41	69	97
18		429	653	876
30		653	1,025	1,398
42		876	1,398	1,920

Price per tonne		Tonnes of carbon per ha			
		50	100	150	200
\$	80.00	4,000	8,000	12,000	16,000
\$	100.00	5,000	10,000	15,000	20,000
\$	120.00	6,000	12,000	18,000	24,000
\$	140.00	7,000	14,000	21,000	28,000

Sustainable profits

- Nil to low returns in first five years
- Returns mature in year [seven]
- Cash returns on investment between \$900/ha and \$1400/ha
- Return on investment 7 – 12% p.a.
- On maturity, operating costs are very low; if the business has little debt there is a very robust operating model.





What happens next?

- Manuka expected to be productive through to 25 years.
- Options include:
 - Leave to revert (more carbon), harvesting honey in the meantime.
 - Redevelop into better more productive varieties to take advantage of breeding.
 - A mix. Leave the gullies and steeper areas to revert; redevelop the more productive, easier to replant slopes.

Summary

- Establishing a Manuka forest generates economic returns from natives.
- The ESG benefits are unmatched.
- Some sites are much better than others.
- The success of Comvita and rising carbon prices are positive for this industry.
- We can't compete with carbon farming exotics on land price.

Questions?