



NATIVSTATE

PLACING EACH ACRE IN ITS HIGHEST AND BEST USE

July 2022

NativState Overview

NativState (www.Nativstate.com) partners with forest landowners on properties that have the potential to generate a significant new carbon credit revenue stream.

- ✦ NativState is an Arkansas based company working to develop and market high quality nature-based carbon credits, providing forest landowners a new, and previously unavailable, income from carbon credits.
 - Highly experienced management with combined 100+ years of successful project development throughout the U.S.
 - Unique team of scientists, foresters, project managers, modeling experts and GIS specialists who specialize in the Carbon Credit markets.
- ✦ NativState's Forest Carbon Programs offer landowners:
 - **Economic alternatives** to aggressive timber harvesting and clear cutting by implementing long term sustainable forest management practices.
 - **Benefits of Forest Certification** and provide a professional Improved Forest Management Plan.
- ✦ NativState's Forest Carbon Programs projects also result in increased timber value, higher future property value, enhanced wildlife habitat and improved water quality for landowners.





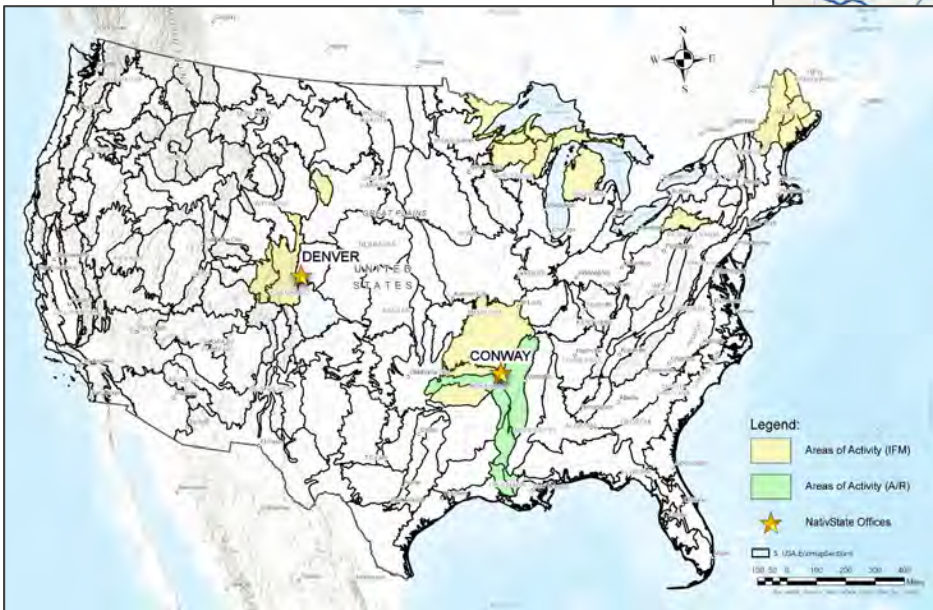
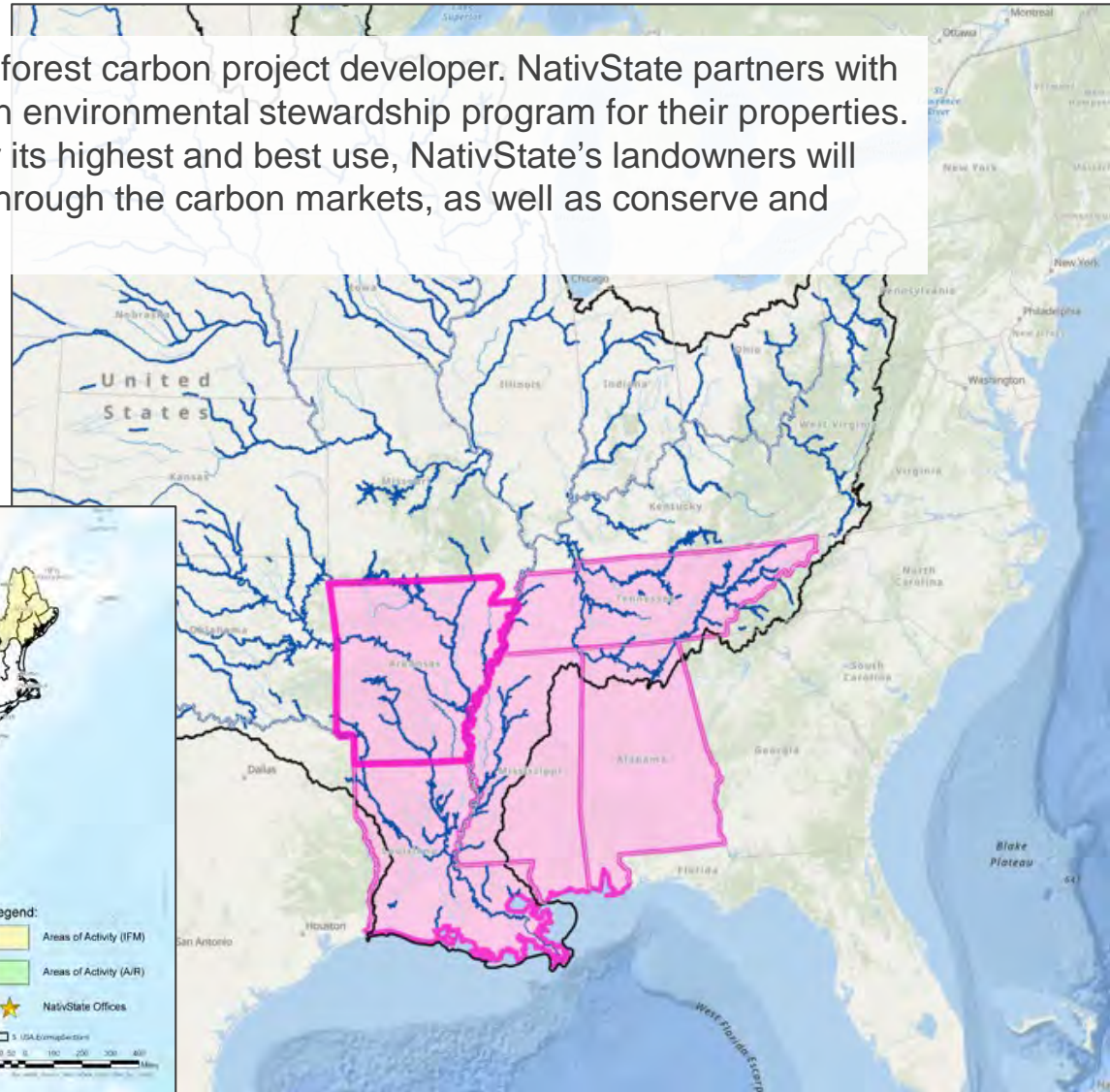
Our Mission

To bring economics and scale to environmental stewardship for generations by investing in the communities in which we live and work.



NativState

NativState LLC is an Arkansas based forest carbon project developer. NativState partners with landowners to design and monetize an environmental stewardship program for their properties. Allowing each acre to be managed for its highest and best use, NativState's landowners will receive an additional income stream through the carbon markets, as well as conserve and improve the recreational habitat.



NativState Forest Carbon Program (FCP)

NativState's FCP provides access to carbon markets for the small to medium size landowners

Forest Management Plan developed by Registered Foresters

Enrollment in the Forest Certification Program (ATFS, FSC, or SFI)

Turn-key Carbon Project Development

Marketing and Sales to the End User

No Cost to the Landowner



NativState FCP Co-Benefits

Habitat

Legacy

Jobs

Climate

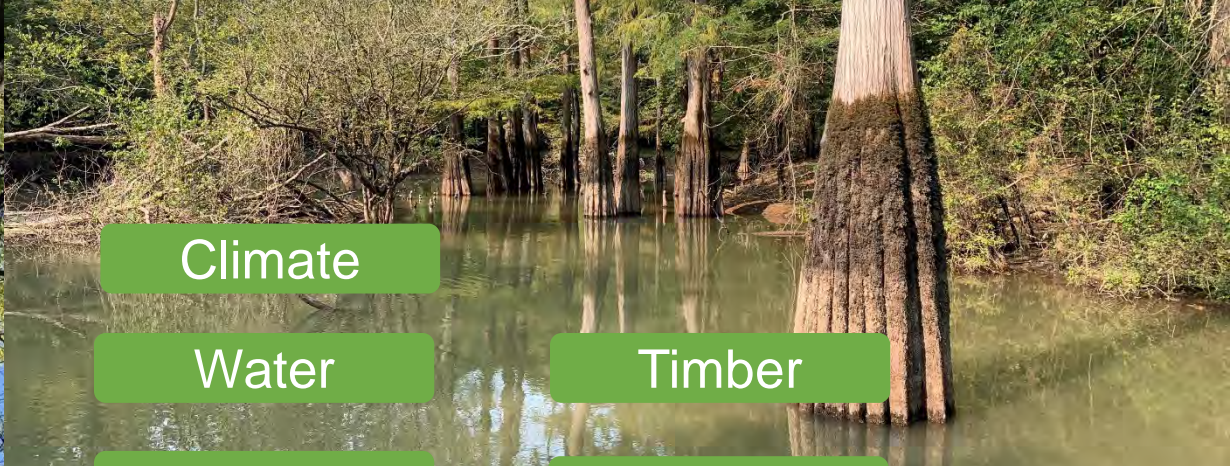
Water

Family

Timber

Recreation

Conservation



Summary Discussion

Is a Forest Carbon Program (FCP) right for You?

- Does it fit our vision, goals and objectives?

Is NativState the right partner for executing on this plan?

- Experts in large scale resource project execution
 - Field operations, logistics and project administration
- Skilled in forestry, land and carbon credit generation
 - Asset assessment and project implementation
- Connected to a network of corporate buyers
 - Marketing and sale direct to end-users of the carbon credits



If a FCP is right for you, how do we shape the program to work best?

- Revenue sharing and harvest plans
- Placing each acre in its highest and best use
 - Maximizing the long-term value of the forests and its benefits





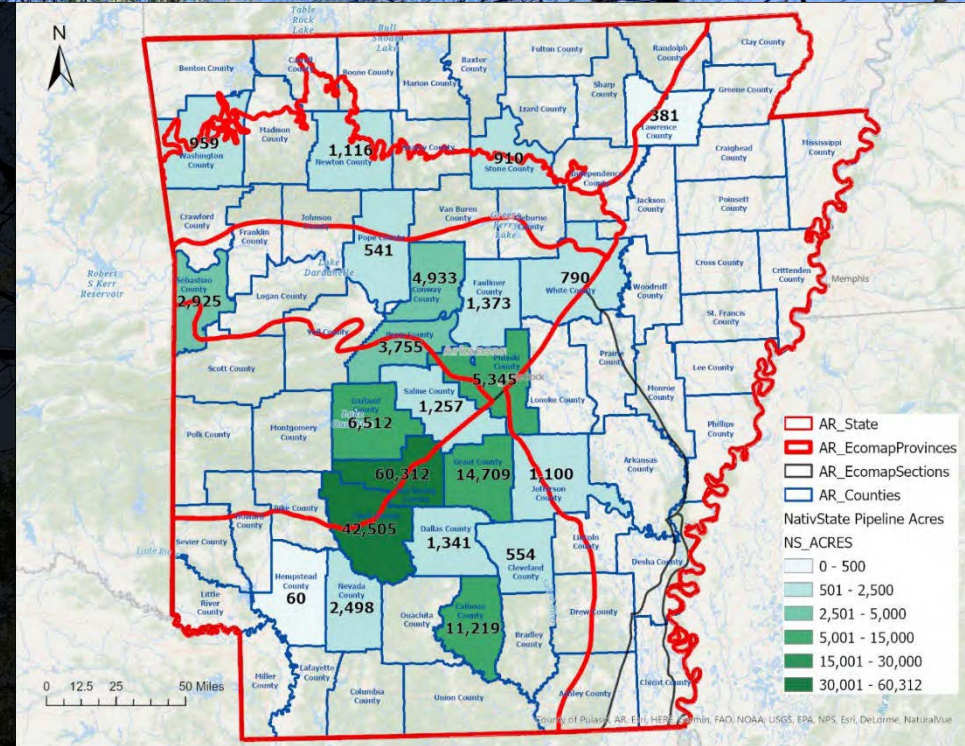
NativState's Forest Carbon Program



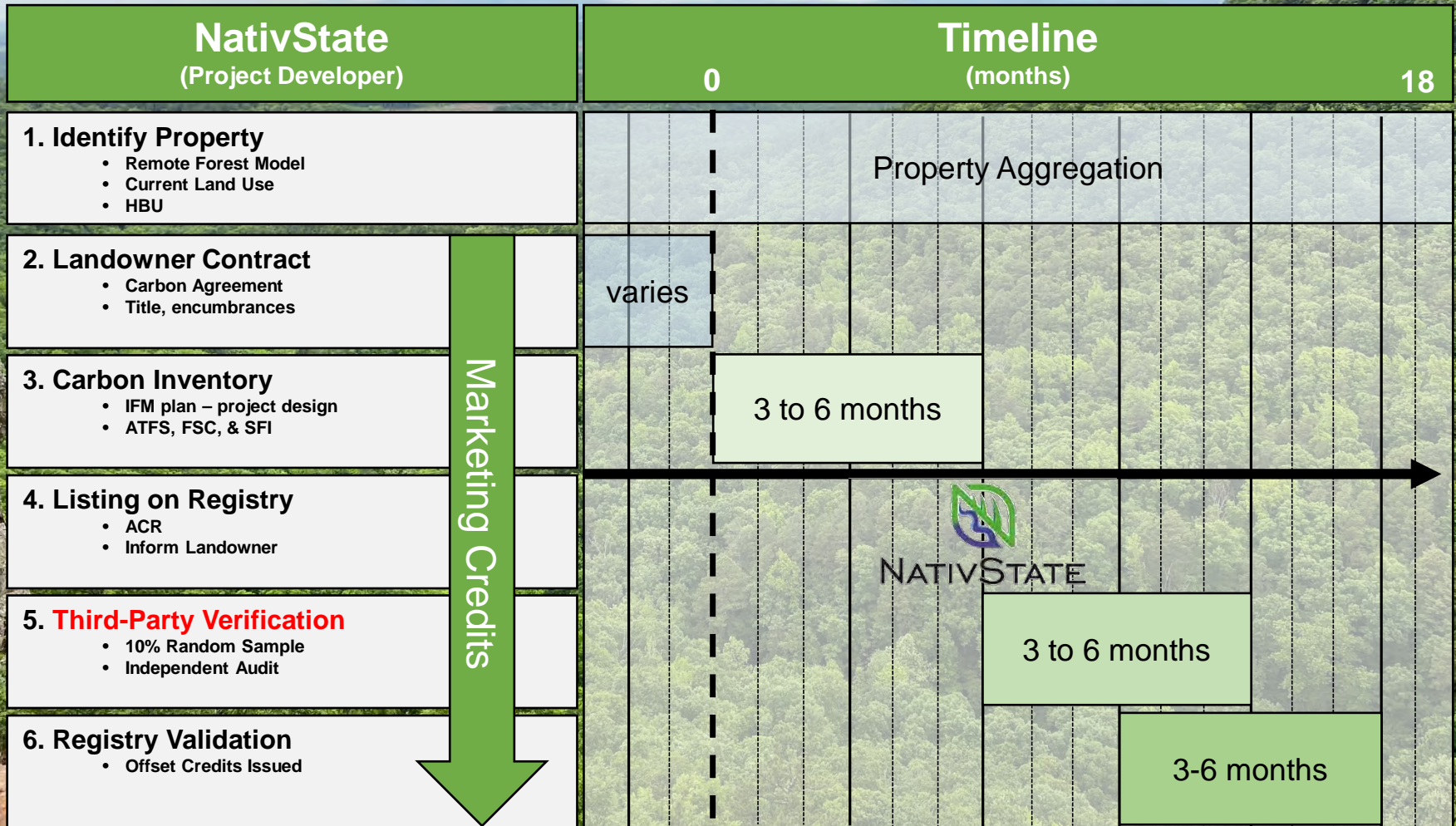
NativState Forest Carbon Program

NativState FCP

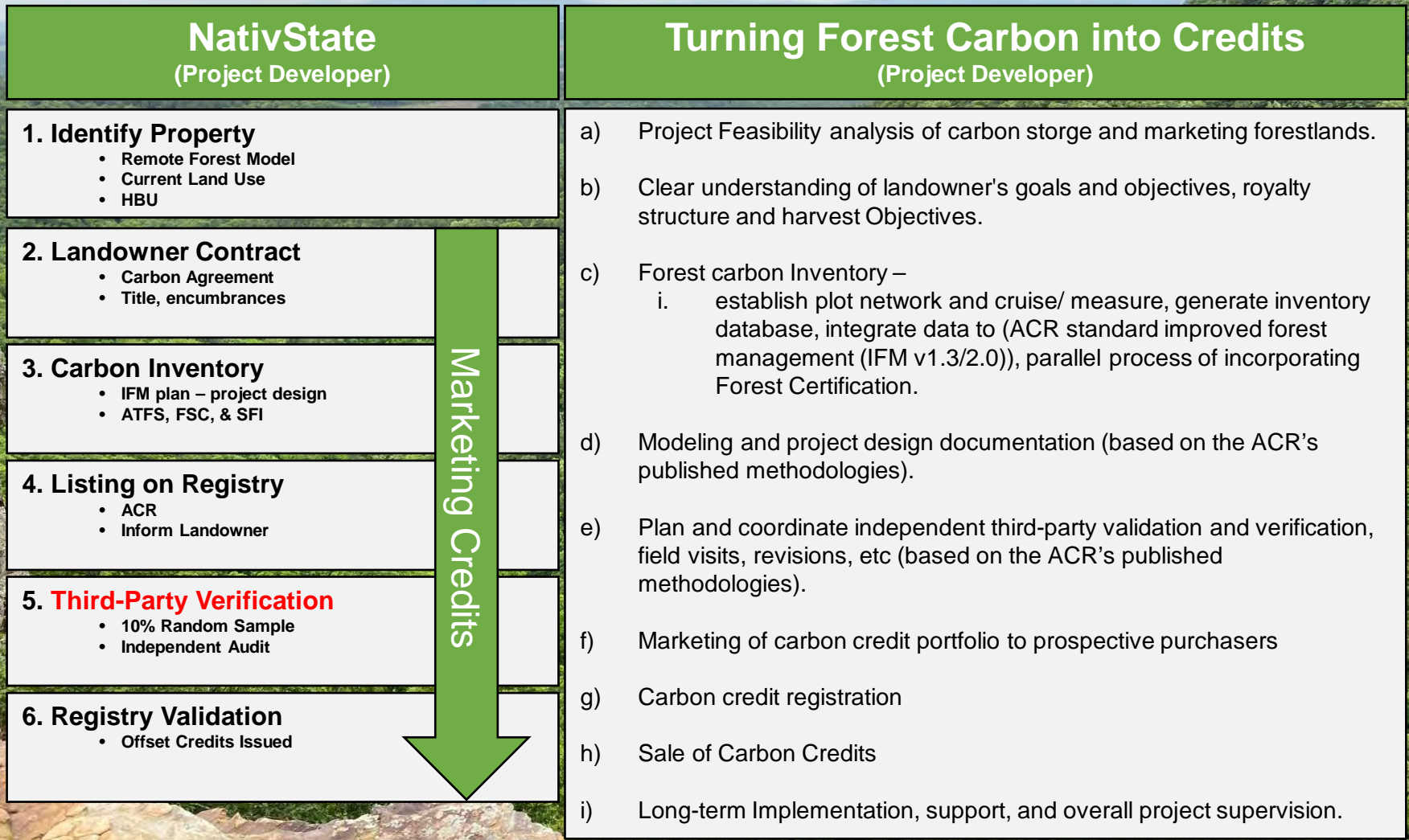
- Aggregation of small to medium size private landowners
- Average landowner owns less than 1,000 acres
- 200,000 in the project pipeline
- Over 18,000 acres listed with the ACR



The Development Process



NativState Value Creation



Marketing Credits



NativState Value Creation

Arkansas Bottomland Hardwoods (Average NativState BLH)

Deferred Harvest Program

Lease Bonus = \$10.00/acre

Properties under 2500 acres:

40% royalty

50% royalty when credit price exceeds \$20

Select Cut Program

Lease Bonus = \$10.00/acre

Properties under 2500 acres:

30% royalty

50% royalty when credit price exceeds \$20

Works for Recreational Landowner

- ✓ Food Plots
- ✓ Cabins
- ✓ Salvage Cuts
- ✓ Firewood
- ✓ Best Management Practices

Works for the Working Forest Owner

- ✓ Timber income is still available
- ✓ Limited harvest throughout the length of the agreement
- ✓ Basically cutting a percentage of stand growth





Carbon Markets

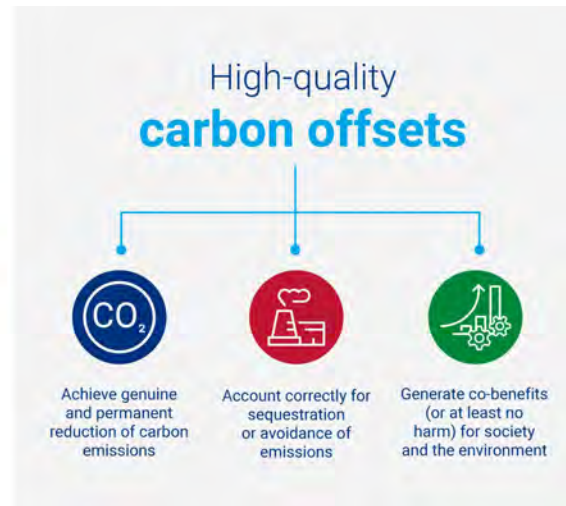


Voluntary Carbon Credit Market

- Two types of markets where carbon is traded as a commodity:
 - In compliance-based carbon markets, companies are obligated to buy allowances for emissions above a certain mandated threshold.
 - In the Voluntary Carbon Market carbon credits offsets trade between project developer's and companies seeking to meet self-imposed net zero emissions targets.
- U.S. Nature Based Forest Carbon Credits are the highest value and least restricted credits in the carbon market.

What makes a
**high-quality
carbon offset?**

Source: Wood Mackenzie



Forest Carbon Programs Offer Economics & Scale

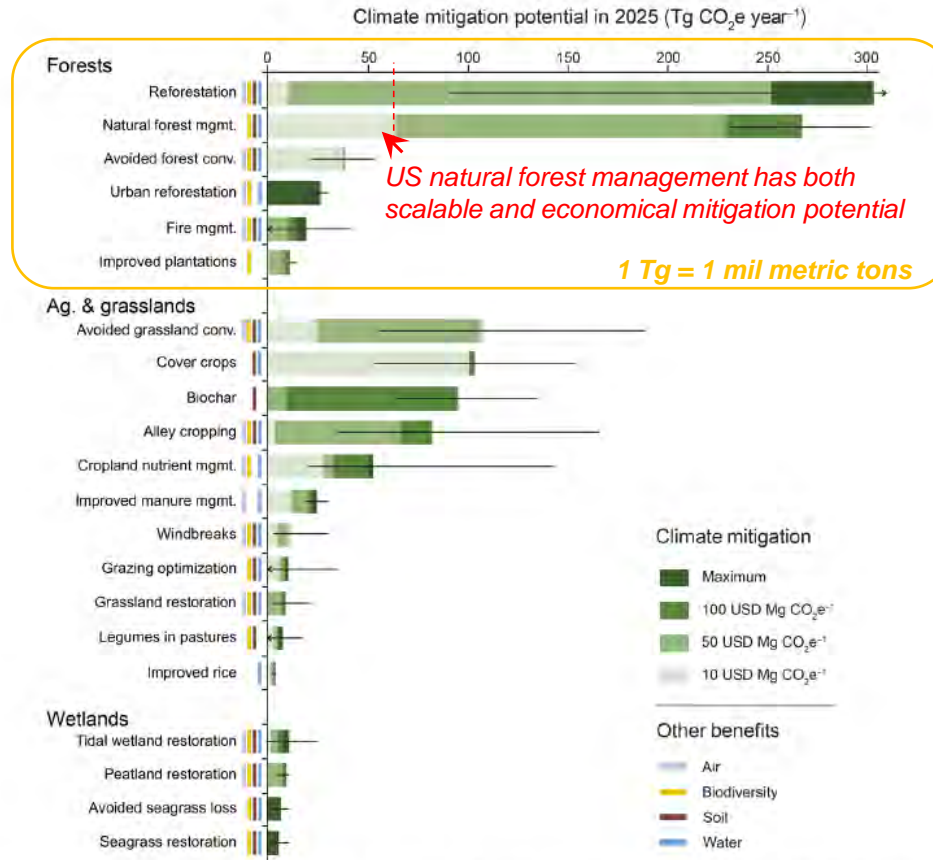


Fig. 1. Climate mitigation potential of 21 NCS in the United States. Black lines indicate the 95% CI or reported range (see table S1). Ecosystem service benefits linked with each NCS are indicated by colored bars for air (filtration), biodiversity (habitat protection or restoration), soil (enrichment), and water (filtration and flood control). See the Supplementary Materials for detailed findings and sources.

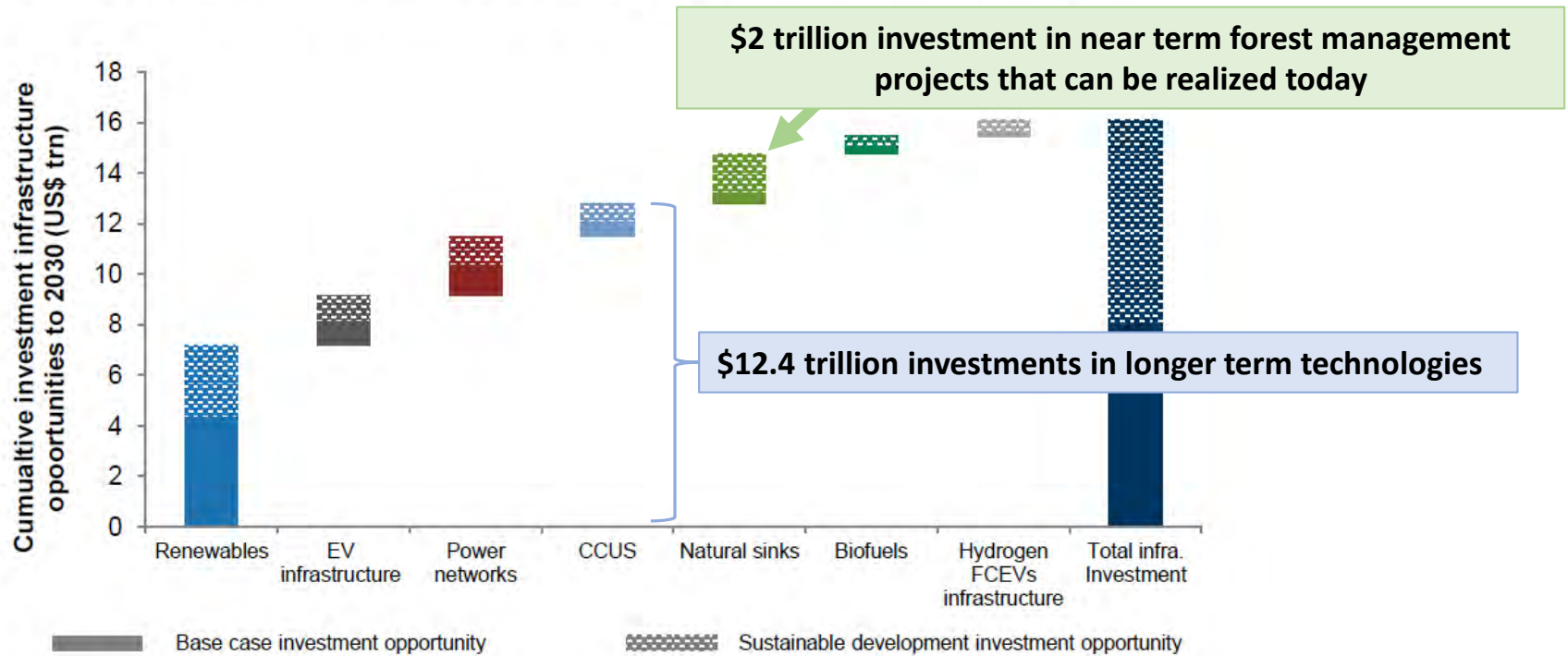


NativState Forest Carbon Programs

Near Term Opportunity

Exhibit 2: ...as part of a US\$1-2 tn pa investment opportunity in the de-carbonisation of the energy industry...

Cumulative investment in clean energy transition to 2030 (US\$tn)



Forest Management Programs start generating carbon credit revenue immediately to take advantage of today's undersupplied carbon credit market.

Source: IEA, Goldman Sachs Global Investment Research



Carbon Credit Prices

PLATTS CARBON CREDIT PRICES



← **Near term price increases**

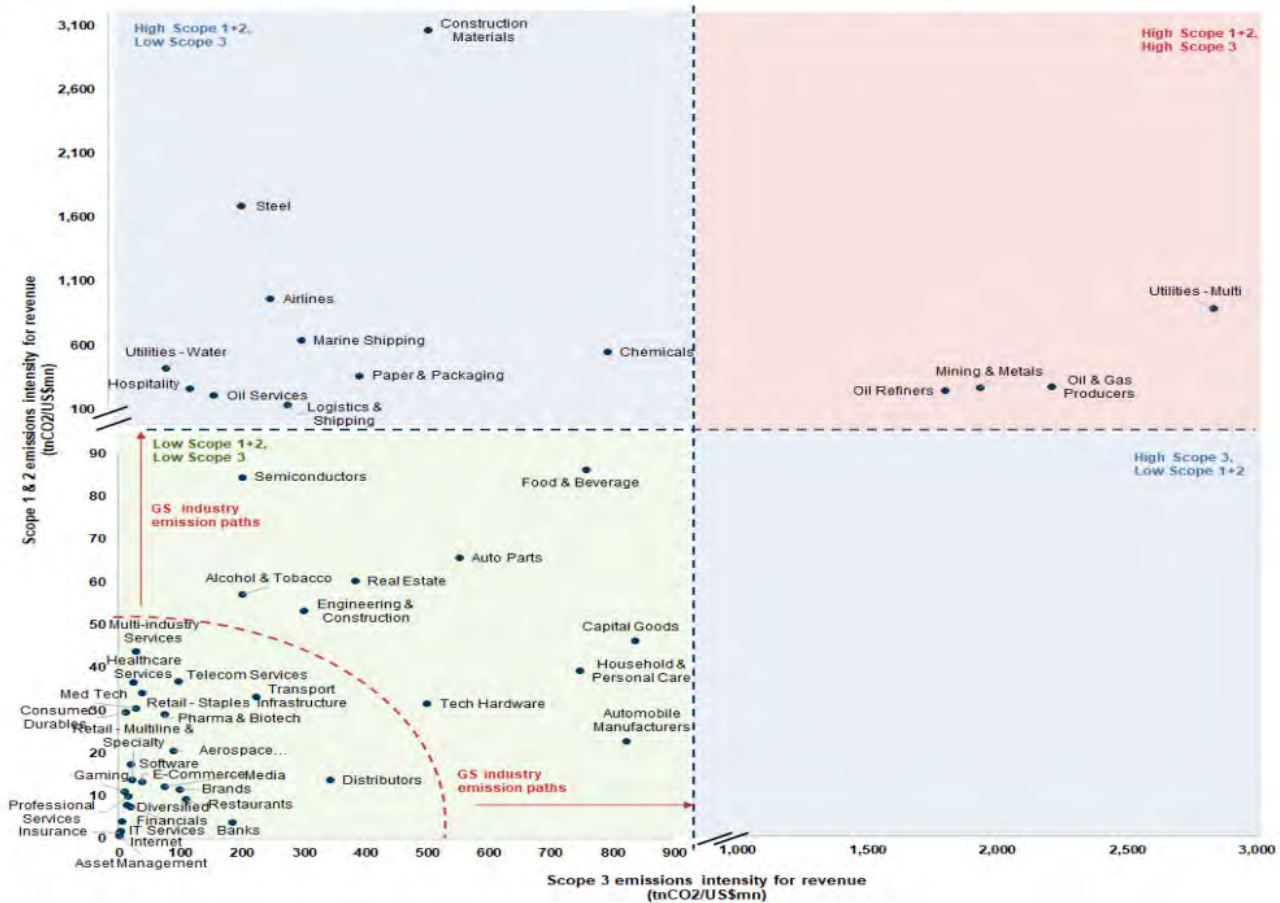
Longer term price fluctuations →



Carbon Market by Industry

Exhibit 26: We construct emission reduction pathways for 30 corporate industries with high Scope 1 & 2 and/or high Scope 3 emissions intensity per revenue

Scope 1 & 2 emissions intensity for revenue (y-axis) vs. Scope 3 emissions intensity for revenue (x-axis) for corporates listed in Europe



Source: Bloomberg, MSCI, Thomson Reuters Eikon, Company data, Goldman Sachs Global Investment Research



Market Snapshot






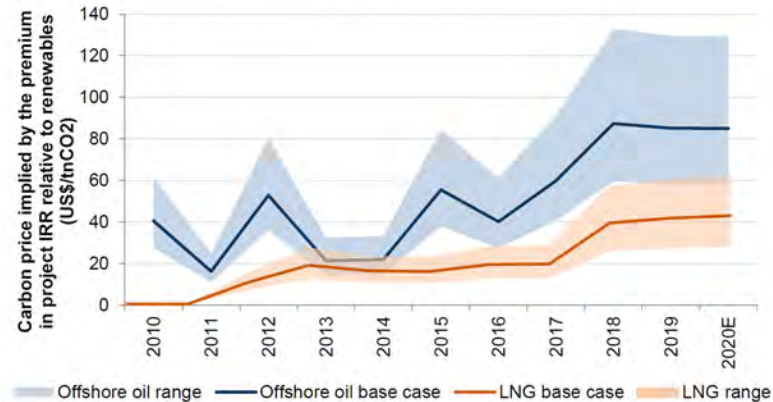
	<p>“Significant reallocation of capital to sustainable companies” -Larry Fink</p>
	<p>Net Zero by 2050 45% by 2030</p>
	<p>Net Zero by 2040 Conserve 50 million acres of Land</p>
	<p>Net Zero by 2050 35% by 2028</p>
	<p>1st Carbon neutral Oil and Gas Company</p>

Exhibit 4: The IRR premium of long-life hydrocarbon developments implies a carbon price of **US\$40-80/ton**

Carbon price implied by the IRR premium for hydrocarbon projects compared to renewables (US\$/t CO₂)



Source: Goldman Sachs Global Investment Research

- U.S. Regulated Markets ~\$20/Credit
- U.K. Regulated Markets ~\$52/Credit
- Global Carbon Markets ~\$3 to \$120/Credit
- Global IFM Average 2020 ~\$8.03/Credit
- Estimated NativState IFM ~>\$12/Credit



Demand for Voluntary Carbon Credits

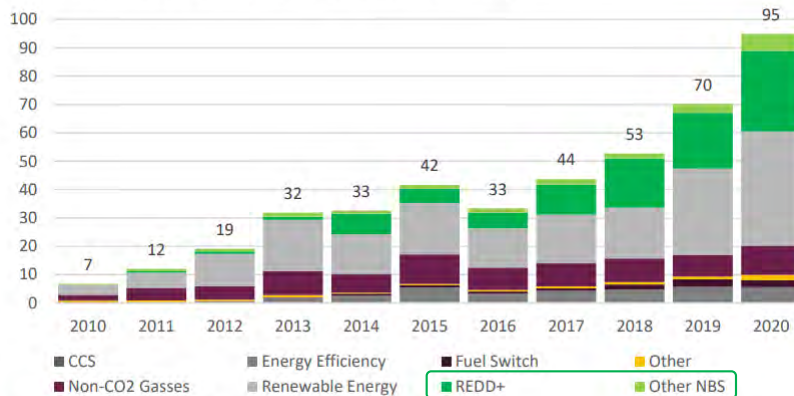
- UCL/Trove show ~10X demand growth for voluntary carbon credits over the last decade.
 - The market remains supply constrained, more buyers than suppliers.
- McKinsey forecasts exponential demand growth for voluntary carbon credits for decades to come – 15X demand growth by 2030, and up to 100X demand growth by 2050.



Demand for voluntary carbon credits has been increasing rapidly in recent years, doubling over the last three to four years, reaching 95MtCO₂e in 2020 (Figure 1).

Demand has increased for all credit types, but especially Nature Based Solutions.

Figure 1. Demand for voluntarily carbon credits (MtCO₂e)

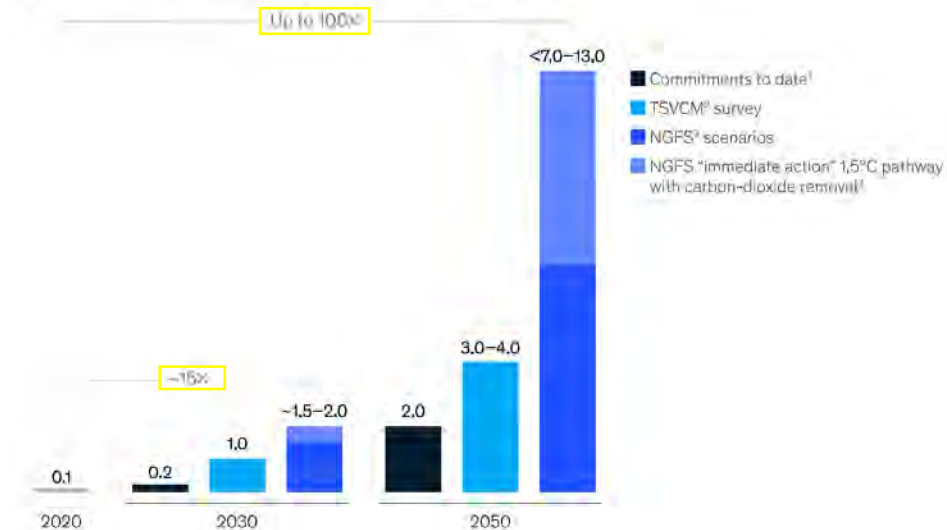


Source: Trove Intelligence, 2021¹

McKinsey:

Global demand for voluntary carbon credits could increase by a factor of 15 by 2030 and a factor of 100 by 2050.

Voluntary demand scenarios for carbon credits, gigatons per year



A blueprint for scaling voluntary carbon markets | McKinsey | January 29, 2021



Forest Carbon Program Considerations

1. 40-year Forest Carbon Project term
 - a. 20-yr first crediting period
 - b. Second crediting period – baseline re-determination
2. Additionality thru forest management
 - a. Marketable credits are the incentive
 - b. Intentional reversals – repercussions
3. Activity-shifting leakage
 - a. Non-enrolled lands need to be certified with one of the following:
 - i. ATFS, FSI, or FSC
4. The verification process will result in changes that vary from our modeled scenario – i.e. baseline, actual growth, net credits issued
 - a. Desk verification annually, field verification at least every 5-years



What's next and what should I do?

1. As with most commodities, we're likely to see a spike in the price of carbon credits over the near term, with a leveling off and perhaps a decrease in the long term, as the market responds to the demand.
2. Become familiar with the pros and cons of each different carbon program and see if it fits within the long-term management objectives of your own, your agencies or your Clients timber property.
3. Keep an eye on the large industries such as oil & gas, manufacturing, retail and transportation for their plan to address GHG's and their stockholders attitude toward climate change and their ESG policies.
4. We're likely to see some standardization across the various programs, or perhaps consolidation across multiple states to accumulate larger acreages. Hopefully government intervention is not needed and programs remain voluntary.
5. How will various federal/state cost share programs address carbon sequestration as a resource concern?



Questions Landowners and Managers Should Ask

- What is the term of the contract and does that fit within my management plans?
- Are the credits “certified” or validated by a third party or registry organization?
- What are the landowner costs, if any?
- Can the carbon agreement or carbon rights convey, if I decide to sell my land?
- Is there a penalty for early termination?
- Is there a minimum or maximum acreage requirement for the program?
- What happens in case of a natural event causing an un-intentional reversal (fire, flood, tornado)?
- How are payments figured and when are they paid?
- What happens if the price/credit goes up over time?
- Will I make additional monies as my trees grow throughout the term of the contract?
- Can I selectively harvest my timber, or if I choose to, not harvest it at all?
- Can I enroll only a portion of my property?
- Can I reforest some open areas and count them as well?
- Who pays for the development of my forest management plan?
- Can I enroll properties that are in CRP or WRE?



Community

Education

*Forest Recreation
& Enjoyment*



NATIVSTATE

Legacy

*Investing In
Southern
Forests*

Conservation

*Sustainable
Habitat*

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Forward Looking Statements:

The summary and presentation of the included materials by NativState LLC (“NativState”) are estimates, examples and opinions only and include and contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results on the Company’s property involve risks, uncertainties and assumptions, including risks relating to current and future carbon offset prices, timber harvest yields and prices, property carbon stocks, the sale of carbon offset credits for which no trading market exists, and other risks.

These estimates and statements are based on the beliefs and assumptions by NativState from information currently available from the Company’s property and in the emerging voluntary and mandated carbon offset credit markets. When NativState uses words such as “potential”, “possible”, “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “should,” “likely” or similar expressions, we are making forward-looking statements. Forward-looking statements include the information concerning possible or assumed future results of carbon project development operations. Forward-looking statements are not guarantees of performance and actual results of carbon projects may differ materially from those expressed by NativState in forward-looking statements. Many of the factors that will determine actual results and values are beyond NativState’s ability to control or predict. These statements are provided to allow the Company to understand and consider NativState’s beliefs and opinions with respect to future participation in a NativState Carbon Program and a Carbon Agreement. The Company is cautioned not to put undue reliance on any forward-looking statements. Neither NativState nor any of its representatives shall have any liability with respect to the uses or reliance of the Confidential Information by the Company and its Representatives.

