

# New Forests

Sustainably Forestry – Key Trends and  
Evolving Investment Strategy

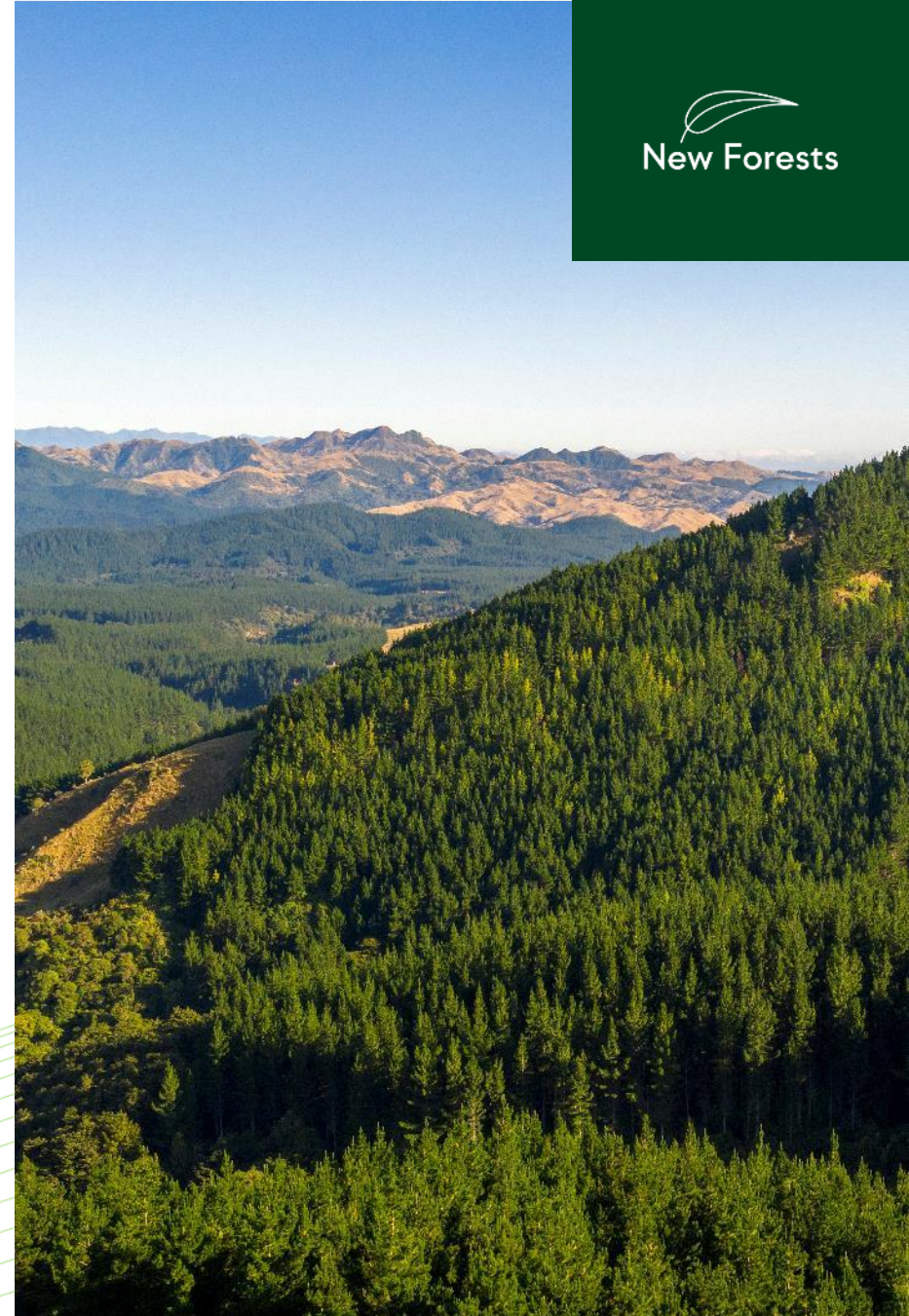


# About New Forests

**Founded in 2005 to manage institutional forestry investments, New Forests is now the world's second largest private forestry investment firm, investing in both the productive use and long-term stewardship of forests and land through sustainable real assets investment.**

- Approximately USD 7 billion in assets under management including over 1.2 million hectares of land across the Asia-Pacific region, Africa, and the United States.
- Regional investment strategies offering focused investment opportunities in real assets and natural capital, across developed and emerging markets.
- Head office in Sydney; 100+ employees across Australia, New Zealand, Singapore, the US and Kenya.

*Our vision is to see investment in land use and forestry as central to the transition to a sustainable future.*



# Characteristics of the Forestry & Agriculture asset class

Desired portfolio attributes are evolving with net-zero transition, nature-positive goals and the emergence of the circular bioeconomy

## Historically assumed characteristics of Forestry and Agriculture

Income and Biological Growth

Historically Low Correlation to Traditional Asset Classes

Low Volatility of Returns

Inflation Hedging Characteristics

Positive ESG Attributes



## New thematic characteristics evolving with Net Zero transition

Climate Change Mitigation

Carbon Credits Opportunity

Contribution to Nature-positive Outcomes

New Markets and Opportunities associated with Circular Bioeconomy

# Value Propositions of Blended Finance to TAFF2

Tropical Asia Forest Fund 2 (TAFF2), a blended finance fund that provides exposure to sustainable forestry in Southeast Asia



The TAFF2 blended finance approach capitalises on growing recognition of the market need for development and mission-driven capital to promote a shift in responsible and sustainable forestry and land use. At the same time, New Forests believes it offers the potential for institutional investors to benefit from an enhanced risk-return profile supported by New Forests' approach to ESG and impact management and a distribution waterfall that varies between different classes of investors in recognition of the amount expended on impact activities.

## Our Goals to deliver Impact and Sustainable Value

### Reducing Risk

Impact Activities support social license to operate

Potentially enhance exit value through stable operating environment

### Improving Return

Impact Activities provide potential alignment with developing carbon markets

Asset enhancement provided through improving forest quality and asset resilience

Improve operational capacity, efficiency, and scale of Fund investments

# Evolving investment strategy in a decarbonizing world

**New Forests is an experienced manager of integrated landscapes to optimise financial returns and impact outcomes**

- Natural synergies across asset classes (plantations, infrastructure, and nature-based solutions) create the basis for a mixed landscape approach that optimizes the utilization of the landscape and diversifies revenues, for example:
  - Primary processing (veneer and sawn timber) – higher margins than log sales and can support outgrower schemes.
  - Outgrower schemes – protect the primary forest through alternate timber revenues.
  - Primary forests – form basis for conservation projects and generate revenue via issuance of carbon credits.
  - Value of the carbon credits can be enhanced via the implementation of biodiversity projects restoring and protecting wildlife.

