



New Forests Acquires 21,000 ha Forestry Estate in Southern Australia ***First Investment for New Forests Australia New Zealand Forest Fund 2***

Sydney, 24 March 2014: New Forests Australia New Zealand Forest Fund 2 (“ANZFF2”) has completed its first acquisition, a 21,000 hectare forestry estate. The properties were sold by the Australian Sustainable Forestry Investors Fund (ASFI).

New Forests announced the final close of ANZFF2 on 17 March with AU\$707 million in commitments. ANZFF2 is a successor fund to New Forests’ first regional timberland fund, which completed its acquisitions program in 2013. New Forests currently manages over AU\$1.5 billion in plantation and forest sector assets across Australia.

The estate is distributed across some of the country’s prime forestry regions, with 61 properties located in the productive Green Triangle border region of Victoria and South Australia and 7 in southwest Western Australia.

New Forests’ CEO David Brand explained, “This purchase is an ideal initial transaction for our new fund. It provides immediate cash yield from land rental and gives the fund entry into two key timberland regions of Australia,” said Mr Brand. About two-thirds of the estate is under a single rotation lease to a third-party forestry company managing *Eucalyptus globulus* (blue gum) plantations. The other third of the land has already come off lease as a mix of coppice crop and second rotation plantation. The estate will be retained as *E. globulus* plantations or in some cases converted to pine plantation or returned to agriculture after harvest.

New Forests seeks to generate strong returns as export markets for Australian woodchip recover.

Mr Brand explained, “We believe that hardwood woodchip demand in Asia will increase by 20-25% in the next two years. While Japanese demand is relatively flat, major new pulp mills are being built in coastal China, and India is also now importing hardwood woodchip. With the Australian dollar moderating over the past year, Australian hardwood woodchip exports are recovering and could exceed 4 million tonnes in 2014. This current acquisition adds to the hardwood plantation estate already managed by New Forests, which will ultimately supply over 2 million tonnes of hardwood woodchip per annum.”

About New Forests

New Forests (www.newforests.com.au) manages investments in sustainable forestry and associated environmental markets for institutional and other qualified wholesale investors. New Forests executes three investment strategies that provide clients with diversity and choice around risk-adjusted returns, geography, and market exposure: sustainable timberland investment in Australia and New Zealand; forestry investment in high-growth markets of the Asia Pacific region; and conservation forestry and environmental markets investment in the United States. The company has offices in Sydney, Singapore, and San Francisco and currently manages over AU\$2.3 billion in funds and assets and over 450,000 hectares of land and forests in Australia, the United States, and Asia.

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