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New Forests announces first close of Tropical Asia Forest Fund 2 raising US\$120 million

Institutional investors help to catalyze change across Southeast Asia's forestry sector

SYDNEY: 03/03/2022 - New Forests, a global investment manager of nature-based real assets and natural capital strategies, today announced the first close of its Tropical Asia Forest Fund 2 (TAFF2) with US\$120 million of capital commitments. Investors in the first close include sovereign wealth, corporate, philanthropic and development finance capital from Australia, Europe, Japan, the Philippines, Singapore and the United States.

TAFF2 is a closed end fund that aims to capitalise on the long-term investment opportunities in sustainable plantation forestry in Southeast Asia. Asia has the world's fastest growing demand for wood products. Investment is required not only in a high quality and sustainable plantation sector but also in productive landscapes that are integrated with positive climate, biodiversity impacts and sustainable development, to address the region's sustainability transition.

TAFF2 is expected to develop a diversified portfolio of sustainable forest plantation assets in Malaysia, Indonesia, Vietnam, Thailand, Laos and Cambodia for end markets such as timber, rubber and carbon. New Forests' investment approach drives value through best practice forestry management, market and supply chain development, implementation of high-quality governance, and leading environmental and social management practices.

TAFF2 also includes a unique blended finance structure. The blended finance structure will enable TAFF2 to integrate investment in impact activities focused on climate action, community engagement and livelihoods, and biodiversity conservation into TAFF2's plantation forestry portfolio. The impact activities are closely linked to the Paris Agreement and the UN Sustainable Development Goals. New Forests' objective is to demonstrate that asset management integrating commercial forestry investments with activities such as ecosystem restoration, reforestation, and community forestry will lead to better returns, long-term sustainability outcomes, and operational resilience.

David Brand, Chief Executive Officer, New Forests, said; "Asia is central to the economic and sustainability transformations happening in the 21st century. Asia has an important role to play in aligning its growth with climate positive, nature positive, and sustainable development outcomes. The TAFF2 investment strategy has been developed to invest capital in these transformations, using the blended finance structure to mobilise more capital towards high social and environmental impact outcomes."

Geoffrey Seeto, Managing Director, New Forests Asia, said; "Southeast Asia offers institutional investors competitive forestry returns compared to more established markets, diversification into new markets, and the capacity to support the region's transition to a sustainable, climate-smart forest industry. We are excited to be partnering with leading institutional investors from Asia Pacific, Europe and the United States, who will play a key role in Asia's forestry sector transitioning towards more responsible forestry management."

Investors in the first close include Asian Development Bank (ADB), the Australian Government, David and Lucile Packard Foundation, Sumitomo Mitsui Trust Bank (SuMi TRUST), Temasek and TotalEnergies. New Forests will continue to raise capital for TAFF2 throughout 2022 and anticipates a second close later this year, with a goal of raising US\$300 million.

New Forests has been investing in Southeast Asia for over a decade and has an office in Singapore. TAFF2 is New Forests' second fund dedicated to sustainable forestry in Southeast Asia after closing the Tropical Asia Forest Fund (TAFF) in 2013.

In September 2021, TAFF2 was awarded the Best Impact Fund, Private from *Financial Investigator* in the Netherlands.

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About New Forests

New Forests is a global investment manager of nature-based real assets and natural capital strategies, with AUD 7.8 billion (USD 5.8 billion) in assets under management across 1.1 million hectares (2.7 million acres) of investments. We manage a diversified portfolio of sustainable timber plantations and conservation areas, carbon and conservation finance projects, agriculture, timber processing and infrastructure. We aim to generate shared prosperity for our clients and the communities in which we operate and accelerate the transition to a sustainable future.

New Forests' vision is to see investment in land use and forestry as central to the transition to a sustainable future. To achieve this vision, New Forests' investment strategies support the role of forests as nature-based solutions, provide sustainable wood fibre for the growing circular bioeconomy, and contribute to the sustainable development of regional economies and rural communities. Headquartered in Sydney, New Forests is a Certified B Corp and operates in Australia, New Zealand, Southeast Asia, Africa and the United States. For more information, please visit: www.newforests.com.au.

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