

MEDIA RELEASE

New Forests announces first close of Australia New Zealand Landscapes and Forestry Fund raising approximately A\$450 million from investors

Demand for natural capital grows as investors look to meet investment, climate, and nature goals.

SYDNEY, 20 December 2023 – New Forests, a global investment manager of nature-based real assets and natural capital strategies, is today announcing the first close of the Australia New Zealand Landscapes and Forestry Fund (ANZLAFF), raising approximately A\$450 million from institutional investors from Australia and Europe.

Investors in the first close include Swedish pension fund Andra AP-fonden (AP2); German pension group Bayerische Versorgungskammer (BVK); the Australian Government's Clean Energy Finance Corporation (CEFC); along with an Australian and a German insurer, as part of an overall fund raise targeting A\$600 million over the next year.

ANZLAFF (the Fund) aims to provide investment exposure to integrated forest, land, carbon and agriculture markets in Australia and New Zealand, targeting investments in core forestry plantations alongside processing and related infrastructure, with some exposure to agriculture.

The Fund aims to maximise the value of the whole landscape by positioning investors to benefit from the best use of the landscape across forestry and agriculture, while combining additional revenue streams such as carbon, biodiversity, and renewable energy such as solar and wind.

In addition to attractive returns, the Fund has set other targets including carbon abatement through the establishment of new greenfield plantations and the conversion of existing plantations from hardwood (short rotations) to softwood (long rotations) in Australia.

David Shelton, Managing Director, Australia and New Zealand at New Forests said,

“Since New Forests launched its first fund 13 years ago, the market is now seeing a clear shift from investing in narrow mandates around forestry and agriculture alone, to include a wider set of considerations and returns. Investors globally are now thinking about the role of forestry, agriculture and land use transition in not only delivering returns, but reducing emissions, contributing to conservation, and the circular bioeconomy.

“We believe there is no credible pathway to net zero without investment in the forestry and land use sectors, and we are pleased both new and existing investors are taking an important step in continuing the transition to a sustainable future.”

Heechung Sung, Clean Energy Finance Corporation (CEFC) Head of Natural Capital said,

“Natural capital assets offer significant opportunities to contribute to the decarbonisation pathway for Australia and to build competitive new industries for our net zero future. These require a long-term investment focus. The sooner we act, the greater the economic benefit and the more opportunity we have to mitigate the worst effects of climate change.

“We are pleased to work with an experienced global manager in the forestry sector to target the ambitious carbon sequestration and sustainability measures through this investment, which is part of our broader drive into natural capital.”

Jessika Ingvarsson, Head of Forest and Agriculture Investment at AP2 said, “With AP2's long-term investment horizon, it is important to consider climate aspects in investment decisions. The forest industry has the unique opportunity to both reduce the use of fossil fuels by replacing it with renewable products and at the same time increase carbon storage in growing forests and plays an important role in Natural Climate Solutions.

“AP2 made its first investment with New Forests in 2010 and we are pleased to partner with a manager who shares our view on long-term and sustainability as well as forests' crucial role in mitigating climate change. Together we hope to contribute to a greater focus on sustainable forestry and better resource utilisation.”

Kathrin Kalau-Reus, Head of Private Equity, Infrastructure & Timber at BVK said, “We are pleased to renew the partnership with the experienced team at New Forests. Being a longstanding investor in the forestry sector, the asset class contributes to environmental sustainability by supporting responsible land management and afforestation initiatives. This supports our belief that aligning our business practices with sustainable and responsible principles leads to a positive and lasting impact on the environment and shows attractive returns.”

ANZLAFF is New Forests’ fourth round Australia and New Zealand strategy, building on the experience of previous strategies, which collectively manage A\$4.8 billion.

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Lauren Stewart
Global Head of Communications & Advocacy
+61 437 800 340
lstewart@newforests.com

About New Forests

New Forests is a global investment manager of nature-based real assets and natural capital strategies, with A\$11 billion in assets under management across more than 1.3 million hectares 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.

Headquartered in Sydney, New Forests is a Certified B Corp and operates in Australia, New Zealand, Southeast Asia, Africa and the United States. www.newforests.com

About AP2

Andra AP-fonden is one of five buffer funds within the Swedish pension system and covers all types of asset classes across the entire world. We are specialists in the Swedish pension system and strive to be a leading pension manager in a changing world. We are a global leader in integrating sustainability in our investments, for the benefit of the pension system. The Fund is a long-term and responsible asset manager. www.ap2.se

About BVK

Bayerische Versorgungskammer (BVK) is the competence and service centre for occupational and communal pension schemes and Germany’s largest pension group under public law. As a public authority of the Bavarian Ministry of the Interior, it is the joint executive body of 12 liberal professions’ and communal pension schemes. Bayerische Versorgungskammer covers about 2.5 million insured persons in total, with contributions of € 5.5 billion and about € 4.1 billion pension payments annually. It currently has € 106.8 billion assets under management (market value) and about 1,490 employees. Bayerische Versorgungskammer has been a signatory of the UN Principles for Responsible Investment (PRI) since 2011. It became a member of the Global Real Estate Sustainability Benchmark (GRESB) in March 2020 and joined the Net-Zero Asset Owner Alliance in May 2021. www.versorgungskammer.de

About the CEFC

The CEFC is an experienced specialist investor with a deep sense of purpose: we’re Australia’s ‘green bank’, investing in our transition to net zero emissions by 2050. With access to more than \$30 billion from the Australian Government, we’re backing economy-wide decarbonisation, from renewable energy and natural capital to energy efficiency, alternative fuels and low carbon materials. In parallel, we’re focused on transforming our energy grid, backing sustainable housing and supporting the growth of our climate tech innovators. We collaborate with co-investors, industry and Government, recognising the urgency of the decarbonisation task. We also invest with commercial rigour, aiming to deliver a positive return across our portfolio. www.cefc.com.au/