

# End of Year Message from New Forests' CEO

December 2025

New Forests celebrated its 20<sup>th</sup> anniversary in July 2025, a proud moment for the company to reflect on two decades of innovation and growth as a global investment manager. Our founding CEO, David Brand, has stepped down as Chair of our Board and continues to work with us as a valued adviser as we remain committed to positioning the natural capital asset class as a key investment focus for institutional investment portfolios.

New Forests and New Agriculture have also continued to grow alongside our investment partners. This has been particularly pleasing given the relatively subdued capital markets and mild headwinds mostly coming from political noise in the US. The macro influencers in the global economy are still erratic with interest rates and exchange rates providing both opportunity and additional risk to international trade. The Chinese economy has continued to stall with the domestic housing sector in decline and excess capacity in many of its production lines.

The Australian agricultural sector has continued to provide excellent returns over the last few years and 2025 was no different with many commodity prices and land values all in positive territory. Across the natural capital asset class more generally, returns have remained resilient and positive despite subdued wood fibre markets, while carbon is providing a growing contribution to overall portfolio returns.

## LONG TERM DRIVERS

The emerging opportunities and disruptors are focused on nature repair, the evolution of the carbon markets and the emergence of AI. New Forests believes these all fit within the “opportunity” category as we continue to optimise the landscape and layer additional revenue streams on top of core returns. We are already harnessing AI across numerous facets of our business, and we believe that leveraging AI to further optimise land use will deliver significant benefits to both our operations and our investors.

Other longer term demand drivers are also key to the sector – for example, by 2050 we will need a 54% increase in harvested wood to meet global demand and a nearly 60% increase in food output to feed the growing global population.

We’ve seen an uplift in projects and metrics around valuing nature. In 2026, we expect the conversation will shift from “why invest in nature” to “how fast can we scale it”. Investing in nature will play a fundamental role in allowing investors to deliver the spectrum of outcomes that is now demanded from long-term portfolio investors.

## UNITED STATES

Our US business has continued to grow with acquisitions in 2025 and a strong pipeline moving into 2026. We have worked closely with our separate account clients to build out their forestry exposures, while focusing on fundraising for our Forest Climate Solutions strategy that delivers core forestry exposure with carbon upside into the Californian carbon market. Returns in the US have been strong with wood markets remaining resilient and US policy favouring local production over imported products.

## AFRICA

New Forests' African Forestry Impact Platform (AFIP) has completed its first tranche of deployment with the purchase of Rance Timber in South Africa. This gives AFIP exposure to forestry and processing assets in four African countries and sets our business up well for the second tranche of capital raising. New Forests is seeing significant opportunity in core forestry, biodiversity, carbon and social impact across the continent, and we have a number of exciting initiatives in 2026 that will continue to see our business grow there.

## ASIA

In Asia, 2025 has been a very productive year for our Tropical Asia Forest Fund 2 (TAFF2) with deployment reaching 75% of the committed capital. TAFF2 has a diversified spread of assets in both core forestry and landscape voluntary carbon market projects throughout Southeast Asia. Current opportunities in our deal pipeline should see the committed capital deployed in the first half of 2026. We are also bringing to market a new global carbon strategy which will be a diversified, high quality, high integrity portfolio of assets generating voluntary and compliance market carbon credits from regions such as Asia, Africa, South America and North America.

## AUSTRALIA & NEW ZEALAND

New Forests is at the end of winding up the Australia New Zealand Forestry Fund 2 (ANZFF2). ANZFF2 has produced exceptional, double digit returns over more than 10 years, and we are proud to have sold a significant number of quality assets back to the market to generate these returns for our clients.

In Australia, the federal and state governments continue to search for a solution to the housing supply crisis, and this remains a significant medium-term upside for the softwood sector with large demand for core softwood construction products required. The move into higher value engineered wood products has also commenced with an increasing number of medium density housing solutions being built out of these newer products such as cross laminated timber.

The hardwood sector continues to face some headwinds with a subdued Chinese market, but this has driven innovation to push hardwood fibre into other uses. In New Zealand, the agricultural sector continues to thrive on positive commodity price growth, and the softwood sector is pushing to find new markets that provide diversification to the soft Chinese demand.

## 2026 AND BEYOND

As we think about our next 20 years, we aim to lead global innovation in land-based investment management in food, fibre, fuel and associated value chains, and build resilient, sustainable, tech-enabled land systems that unlock value in a climate-disrupted world.

For our investors it means the opportunity to invest in productive, real assets, that are resilient to the effects of a changing climate, while generating strong investment returns and sustainability outcomes.

It's an exciting time to be investing in natural capital and we look forward to bringing more investors on this journey.

I hope you have an opportunity to relax and recharge over the break.

**Mark Rogers**



**Chief Executive Officer**