



# The Changing Landscape of the Forestry Sector

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# About New Forests



- Founded in 2005 to manage sustainable investment in the forest sector
- Head office in Sydney; 65 employees in Australia, New Zealand, Singapore and San Francisco
- Three regional investment strategies
- Managing investments in approximately USD 4.1 billion of assets in mid-2019 including over 900,000 hectares (2.2 million acres) of forests and rural land, timber processing facilities, infrastructure and conservation investments across Asia-Pacific and USA
- Company mission is oriented to sustainable forest management and role of forests in addressing climate change

# Major Trends Shaping Forestry Investment

1. The forest industry is shifting to timber plantations for incremental supply as harvesting of natural forests plateaus.
2. Asian growth is driving global timber demand and restructuring markets.
3. Markets are evolving with declines in newsprint, printing, and writing papers, offset by increasing demand for packaging, fabrics, bioenergy, biofuels and mass timber.
4. There is rising investor interest in ownership of high productivity timber plantations globally.
5. Solutions to climate change, stopping deforestation and building rural economic prosperity will be central to investment models for the future of the forestry sector



# A Perspective on 40 years in Forestry



# An Exciting Time to be in Forestry

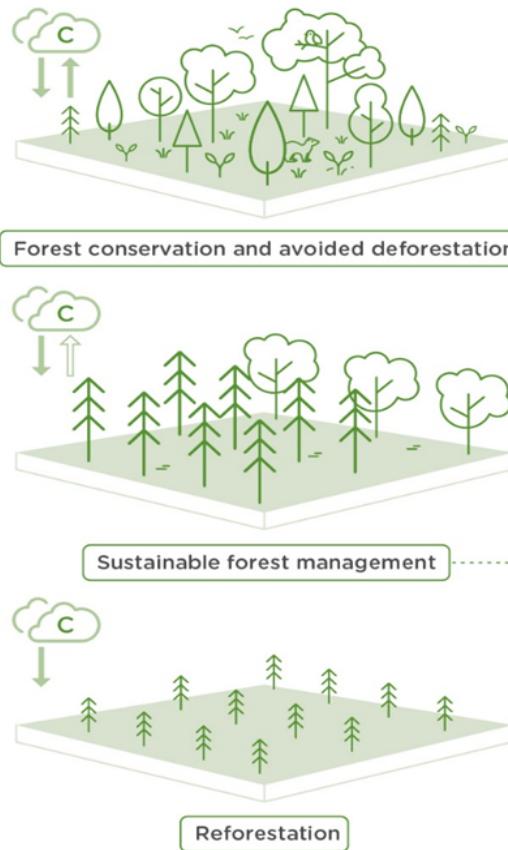
## The Emerging Bio-economy



# Forestry and Climate Change

Forests have multiple roles in addressing climate change including:

- Reducing deforestation
- Sustainable Forest management
- Reforestation
- A source of sustainable, renewable materials



Climate friendly products with substantial benefits:  
• Lower embodied energy  
• Substitutes for higher emission products



Fibre-based industries



Construction materials  
Engineered products  
Furnishings

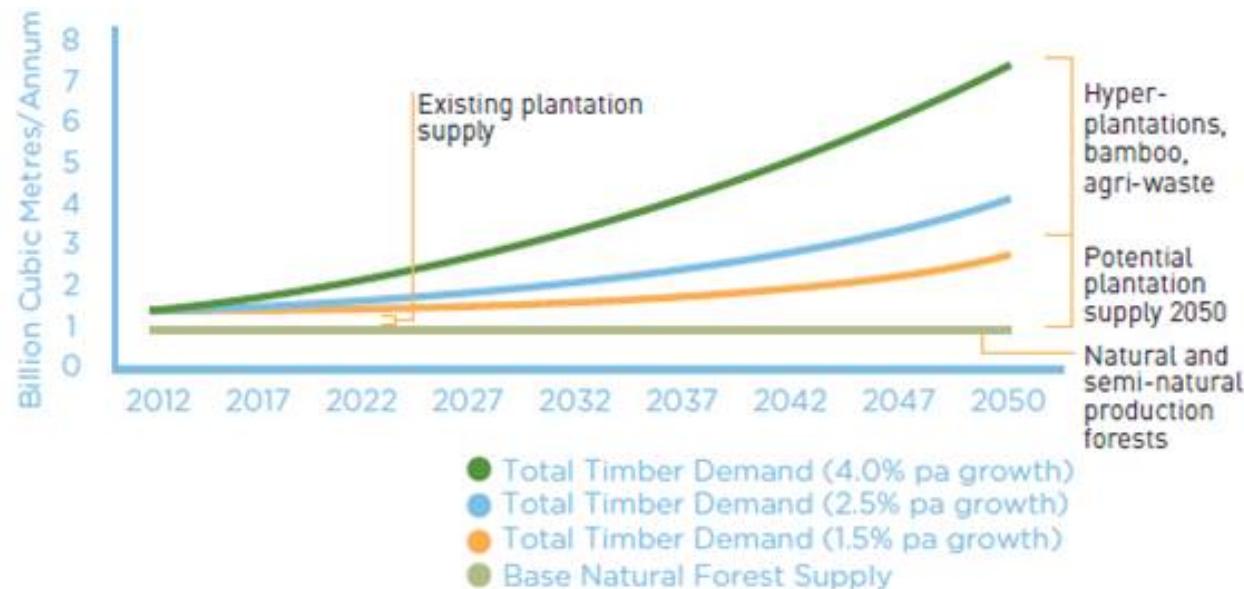


Biomass  
Biochemicals  
Biofuels



# Where does a carbon-constrained future lead?

- Continuing trend towards engineered materials, small logs and thinning from 'resilience management'
- Total utilization of the tree—timber, fibre, biomass
- Circular economy, recycling, waste utilization
- Expanded reforestation of degraded land
- Forestry/Biomass Sector could be 3-4 times the current size by 2050



Source: WWF Living Planet Report 2014 and New Forests estimates.



# What might the future look like



Evolving forest management to support resilience to climate change and ability to manage rising risks from fire, drought, storms and pests



Continual shift to automation in the bush, technology, and supply chain efficiency



Carbon Pricing propels growth of forestry sector



Bio-Economy markets as a driver for growth in demand



Shifting building systems—prefab, CLT, other mass timber materials



All incremental demand coming from Asian middle class and all incremental supply from plantations in the so. Hemisphere and tropics.



The background of the slide is a wide-angle photograph of a rural landscape. In the foreground, there's a mix of green grass and small brown shrubs. Beyond that is a dense forest of tall, thin trees, likely eucalyptus, with some yellow autumn leaves visible. The terrain rises into several low, rounded hills covered in similar vegetation. In the far distance, more hills are visible through a hazy, overcast sky.

Thank you

Learn more at [www.newforests.com.au](http://www.newforests.com.au).