Ecosystems Assets

Private Sector Demand

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Why do private sector entities even think about investing in ecosystems assets?
Private Sector Demand

Sources of Private Capital

- Financial Investors
  - Rate of Return
- Businesses/Corporations
  - Compliance
  - Pre-compliance
  - Voluntary
Financial Investors

- Goal: obtain sufficient return on investment
- Large dollar amounts at work
- Defined investment time horizon
- Portfolio diversification
- Inflation hedge
- Almost no social or conservation goals
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- Public and private pension funds
  - $5B fund: $30M in compensatory mitigation banking
  - Municipal pension funds: primary investors in mitigation bank company
  - State pension fund: established specific allocation for mitigation banks
- Foundations/Endowments
  - $1B foundation: seeds major GHG exchange
  - Harvard/Yale endowments: early investors in timber and mitigation banks
- Hedge funds
  - $25B fund: commits $1B to GHG merchant bank
- Private equity funds
  - $12.5B fund: commits to GHG merchant bank
  - $2B fund: buys 65% of mitigation bank development company
- Venture capital
  - $1.5B fund: seeds GHG merchant bank
- High net worth
  - Wealth investor seeds compensatory mitigation bank fund and exchange
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Mitigation Banking Funds

$800M - $1B raised

$650M - $700M being raised
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Businesses & Corporations

- Compliance
- Pre-compliance
- Voluntary
  - Branding
  - Projects that lower costs
  - Projects that meet/exceed internal hurdle rates

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Businesses & Corporations

- Branding
  - Create perception as green/socially conscious
- Projects that lower costs
  - Lower operating costs
  - Lower taxes
- Projects that meet internal hurdle rates
  - Add to rate of return
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The number of businesses and corporations attending will significantly increase