



Learning, Convening and
Influencing Platform

Mobilizing Capital at Scale

Lessons from The Reforestation Fund on Financing Nature- Based Investments



About this Knowledge Product

The Mobilising Finance for Forests (MFF) Learning, Convening and Influencing Platform (LCIP) developed this knowledge product to examine how The Reforestation Fund (TRF) raised institutional and private capital at scale for a strategy combining commercial forestry with forest conservation and restoration. Drawing on interviews with BTG Pactual Timberland Investment Group, Conservation International, FMO, DEG, GenZero and Stafford Capital Partners alongside publicly available sources, the brief identifies practical lessons for fund managers, investors, development finance institutions and conservation organizations seeking to develop and support nature-focused investment strategies.

About Mobilising Finance for Forests

Mobilising Finance for Forests (MFF) is a blended finance investment program that aims to unlock private sector investment in projects that protect and restore tropical forests across Africa, Asia and Latin America. MFF is financed by the UK Government's Department for Energy Security and Net Zero and the Dutch Ministry of Foreign Affairs, and is delivered by FMO, the Dutch entrepreneurial development bank. FMO is a leading development finance institution in the forestry and sustainable land-use sector, with an ambition to invest up to EUR 1 billion in forestry and sustainable land use by 2030. As part of the MFF Technical Assistance Facility, Palladium and Systemiq deliver the Learning, Convening and Influencing Platform (LCIP). The platform supports MFF's mandate to accelerate investment into forests and sustainable land use by sharing knowledge and convening the ecosystem to develop solutions together.

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Executive Summary

The Reforestation Fund (TRF), the Latin American Reforestation Strategy of BTG Pactual Timberland Investment Group (TIG), reached a final close of US\$1.24 billion in April 2026, making it one of the largest reforestation funds closed to date.

TRF combines commercial forestry with the conservation and restoration of native ecosystems, supported by revenues from sustainably managed timber and verified carbon removals. Conservation International (CI) serves as the fund's impact adviser, contributing scientific, conservation and impact expertise. Mobilising Finance for Forests (MFF) invested US\$40 million in concessional first-loss equity alongside a further US\$15 million from FMO's own balance sheet.

TRF provides a practical example of how a nature-focused investment fund can translate environmental ambition into an investment proposition that institutional investors can assess and invest in. Its institutional context and operating model are specific to TRF, but the case offers broader takeaways for fund managers, investors and development finance institutions developing or supporting other nature-focused investment funds.

The six key takeaways below capture the principal considerations for fund managers and investors, with further stakeholder-specific lessons identified throughout the Knowledge Product.

Key takeaways from TRF's fund close

- 1] Keep the investment proposition simple.** Investors valued the simplicity of TRF's strategy. A model that conserves or restores half the portfolio as native forest and manages the other half as certified commercial tree farms, with returns from timber and carbon revenues, made the fund's proposition easy to understand and assess.
- 2] Plan for the upfront costs of fund development.** Developing and raising a first-of-its-kind nature-focused investment fund may require several years of financing before it generates fees or returns. Fund managers should assess whether they or their institutional partners can absorb these costs and sustain the organizational capacity required through an extended development and fundraising process.
- 3] Build early momentum with investors broadly familiar with the asset class.** Early backing from investors who understand the underlying asset class can validate the

proposition and create momentum for later investors. Fund managers can then introduce less familiar elements, such as restoration and carbon revenues, within a commercial model that investors know how to assess.

4] Diversify revenues and secure contractual commitments where possible. Multiple revenue streams can reduce exposure to any market, asset or buyer. TRF combines revenue from sustainably managed timber with revenue from verified carbon removal credits. Long-term carbon offtake agreements provided evidence of demand and converted part of the projected carbon-credit revenue into contracted future income.

5] Embed impact integrity in governance and implementation. Environmental and social expertise is most valuable when it informs the fund's impact approach, asset selection and operational planning from the outset. Conservation International played a key role in TRF's strategy development and continues to work in partnership with TIG to deliver impact. Clearly defined governance roles, pre-agreed impact criteria and recognized external standards can make environmental ambition more credible and assessable.

6] Align investor requirements early and translate them into binding commitments. Investors and fund managers should establish a shared understanding of key technical definitions,

environmental requirements and material terms early in the investment process. Material findings from due diligence should then be reflected in contractual safeguards, particularly where equity investors cannot rely on future disbursement conditions.

Together, these takeaways show that attracting institutional capital to nature-focused investment funds requires commercial clarity, sufficient development capacity, credible revenue pathways, robust impact arrangements and early alignment with investors. Figure 1 brings together the more specific lessons behind them, each discussed in more detail later in this Knowledge Product.



Setting up a biodiversity monitoring camera on TRF Property – Matto Grosso do Sul, Brazil. Credits: TRF and subsidiaries

Key lessons from The Reforestation Fund

Twelve lessons across the fund's capitalization, impact and investor experience

Lessons from the TRF fund model

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|---|---|---|
| 1 | Fund managers are better positioned for long-term success when they can manage upfront costs | First-of-kind strategies may require several years of investment before generating revenue. Before launching, fund managers should assess whether they, or the institution backing them, can absorb the upfront costs and sustain the organizational capacity needed through an extended development and fundraising process. |
| 2 | Anchor investors familiar with similar asset classes create momentum | Early backing from investors who understand the core asset class can validate the proposition and create momentum for later investors. Fund managers can then introduce less familiar elements, such as restoration and carbon revenues, within a commercial model that investors already know how to assess. |
| 3 | First-loss capital helps de-risk the raise, but does not replace the need for an experienced fund manager, a clear strategy and a credible impact case | Concessional or first-loss capital should address clearly identified barriers to investment and help mobilize additional investors. It should remain one part of the structure and cannot substitute for an experienced operator, a clear commercial strategy and a credible impact proposition. |
| 4 | Additionality needs genuine headroom that remains commercially viable | Fund managers should identify geographies where there is credible scope to exceed legal requirements without undermining the strategy's economics. Restoration potential, land tenure, infrastructure, market access and local operating capacity should therefore be assessed together. |
| 5 | Diversified, contracted revenue reduces risk | Multiple revenue streams can reduce exposure to any one market, asset or buyer. Where possible, fund managers should secure binding commitments such as offtake agreements that convert projected revenues into more credible future income and strengthen the investment case. |

Lessons on impact and integrity

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| 6 | A meaningful governance role strengthens the credibility of an impact partnership | An independent impact partner can give investors greater confidence in a fund's ability to deliver its intended environmental and social outcomes when it is involved from the outset and has a clearly defined governance role. This helps keep impact considerations central as investments are selected and implemented. |
| 7 | Define impact criteria before acquiring assets | Impact objectives should be translated into clear screening criteria, exclusions and assessment processes before assets are acquired. Applying these criteria during sourcing and due diligence allows environmental and social considerations to shape investment decisions before capital is deployed. |
| 8 | Recognized certifications make quality visible | Recognized standards and certification frameworks can make environmental, social and operational quality independently verifiable. They can help address investor concerns about additionality, permanence and community benefits while providing a common basis for assessing performance. |
| 9 | Long-term durability depends on early design choices | Durability should be built into the fund's financial, legal, ecological and social design from the outset. Fund managers should consider how outcomes will be protected, monitored and supported beyond the fund term through legal protections, continuing revenue obligations and local economic incentives, and should work with credible partners throughout the duration of the fund. |

Lessons from investor perspectives

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|----|--|---|
| 10 | Agree key technical terms before extensive due diligence | Investors and fund managers should align key technical definitions, environmental requirements and material commercial terms early. Recording these points clearly in a term sheet can reduce uncertainty and provide a strong foundation for detailed due diligence and legal negotiations. |
| 11 | Track record and evidence of execution build investor confidence | Fund managers should assess the capabilities of their team and partners, identifying and mitigating any potential gaps. Relevant track record, experienced individuals, credible specialist partners and tangible proof points from early assets can demonstrate that commercial and impact commitments can be delivered in practice. |
| 12 | Development finance institutions can provide value beyond capital | The value of DFIs can extend beyond the capital they provide. Their reputation, investment standards, due diligence and signaling effect can strengthen investor confidence that an emerging strategy has undergone rigorous commercial, environmental and social review. |

1. The Nature Finance Landscape

Restoring and protecting forests is one of the largest and most cost-effective climate opportunities available this decade. Natural Climate Solutions could deliver more than a third of the mitigation needed by 2030 to hold warming below two degrees in a cost-effective way. Forest pathways account for the bulk of that potential, with reforestation as the single largest pathway.¹

However, finance is not yet flowing at the scale required. The annual shortfall in finance for nature is estimated at around US\$700 billion², and only a small share of climate finance - roughly 3% - reaches nature at all.³ Closing the gap will require accelerating the growth of private finance and mobilizing institutional and commercial capital at a much greater scale. While significant annual shortfalls in nature finance exist, the past decade has seen strong growth in investment in nature. Private investment in nature has grown roughly fivefold, with more than US\$14 billion deployed in 2025 and at least US\$61.4 billion committed between 2016 and 2025. Within that total, nature-based climate solutions have emerged as a distinct

investment category, with the annual number of deals rising from 7 in 2016 to at least 41 in 2025. Reforestation accounts for the majority of tracked deals, and more than US\$1 billion was committed to large-scale reforestation in the United States and Brazil between 2022 and 2024.⁴

Within this broader market, funds that combine sustainable commercial production with large-scale ecosystem restoration and carbon finance sit at the frontier of nature investment. These mixed landscape⁵ or “working plus wildlands” portfolios remain nascent at around 1.5% of all nature finance tracked globally. Yet the category is growing quickly, with 71% of mixed landscape commitment deals announced between 2021 and 2025. Their significance is therefore less about current scale and more about what they signal. Investors are beginning to move beyond single-revenue nature strategies towards landscape-level vehicles that combine productive assets, restoration outcomes and carbon-linked income in one investable structure.⁶

The commercial rationale behind these strategies is revenue stacking. Mixed landscape portfolios typically combine income from agriculture, timber, carbon credits, ecosystem service

¹ Griscom, B. W., et al. (2017) ‘Natural climate solutions’, PNAS 114(44): 11645–11650. https://www.researchgate.net/publication/320536154_Natural_climate_solutions

² Forest Trends’ Ecosystem Marketplace and The Nature Conservancy, *Gaining Ground: State of Private Investment in Nature 2026*. <https://www.forest-trends.org/publications/gaining-ground-state-of-private-investment-in-nature-2026/>. All Gaining Ground citations in this paper refer to this report.

³ UNEP FI, ‘One small step for finance, one giant leap for nature’. <https://www.unepfi.org/themes/ecosystems/one-small-step-for-finance-one-giant-leap-for-nature/>

⁴ *Gaining Ground: State of Private Investment in Nature 2026*

⁵ Mixed landscape portfolios combine sustainable production, such as agriculture or forestry, with ecosystem restoration and conservation across a landscape, drawing on several revenue streams, such as commodities, timber and carbon credits, with no single one dominating returns. Definition adapted from Forest Trends and The Nature Conservancy, *Gaining Ground: State of Private Investment in Nature 2026*.

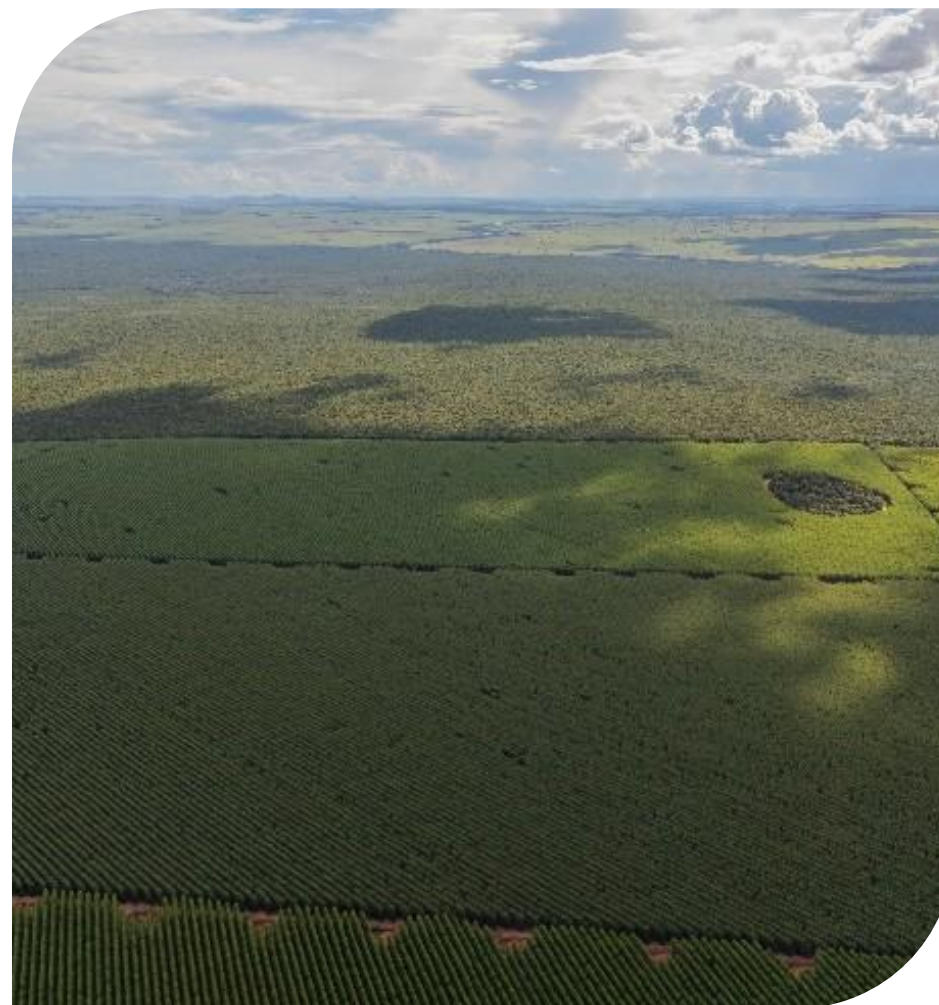
⁶ *Gaining Ground: State of Private Investment in Nature 2026*

payments and sustainability certification premiums. Multiple revenue streams are a defining feature of these portfolios. Unlike many private nature finance deals that combine income sources, mixed landscape strategies intentionally integrate revenues from productive land uses, restoration activities and environmental markets within a single structure. This diversification reduces reliance on any one commodity, carbon or ecosystem-services market, while enabling returns from production to help finance restoration and conservation across the portfolio.⁷

This approach is relevant for institutional capital because it packages nature outcomes into an investor-friendly structure: scalable real assets with multiple cash flow sources and a commercial return thesis. Commercial expectations already dominate the category, with nearly 80% of mixed landscape deals targeting commercial returns.

At the same time, these strategies are inherently more complex than conventional forestry, agriculture or carbon projects, requiring managers to coordinate production, restoration, carbon monetization, impact measurement and stakeholder engagement across the same landscape. This makes the model promising, but challenging to execute.⁸

⁷ Gaining Ground: State of Private Investment in Nature 2026



*Tree farm on TRF's legal reserve, Mato Grosso do Sul, Brazil.
Credits: TIG and subsidiaries*

⁸ Gaining Ground: State of Private Investment in Nature 2026

What still holds capital back is risk, real and perceived. Market-development risk remains the primary performance constraint across the nature investment asset class, particularly where revenues depend on carbon markets, biodiversity credits or other emerging payments for ecosystem services. Headline risks around carbon-credit integrity also remain material, with growth in carbon-driven deals likely to remain concentrated in structures backed by credible offtake arrangements until international carbon-market rules, including those under Article 6 of the Paris Agreement, become clearer.⁹

The economics of nature investment also demand patience. Across nature investment categories, funds often take three to five years or longer to reach positive cash flow and seven to ten years to reach target returns, reflecting the biological timelines of tree growth, soil regeneration and ecosystem recovery. These timelines can sit uneasily within conventional ten-year fund structures, pushing managers towards longer twelve- to fifteen-year vehicles or more flexible open-ended approaches.

Catalytic capital, such as that provided by MFF, can help address some of these constraints through first-loss capital, guarantees, concessional debt or equity, advance purchase commitments and technical assistance. For fund managers

seeking catalytic capital, however, the constraint is often not the availability of concessional funding itself, but the time and complexity involved in accessing, structuring and negotiating that capital.¹⁰ Many emerging nature funds stall in exactly these conditions. Fund managers must persuade investors to accept unfamiliar assets, longer return horizons, uncertain revenue streams and heightened scrutiny around impact integrity, often before a clear market precedent exists.

The Reforestation Fund offers a practical example of how some of these barriers can be addressed. By combining a familiar timberland investment model with restoration, conservation and carbon revenues, supported by catalytic capital, diversified income streams and a robust impact governance framework, TRF demonstrates one pathway for attracting institutional capital into large-scale nature-based investments. The following section examines the fund's structure and the factors that contributed to its successful capital raise.

⁹ Gaining Ground: State of Private Investment in Nature 2026

¹⁰ Gaining Ground: State of Private Investment in Nature 2026

2. About The Reforestation Fund

At the center of The Reforestation Fund's strategy is a balance between conservation, restoration and commercial forestry. The fund acquires degraded land, predominantly former cattle pasture, and aims to maintain around half of its portfolio as protected or restored native forest, with Forest Stewardship Council (FSC) certified commercial tree farms on the remainder. This fifty-fifty split is managed at portfolio level rather than applied uniformly to every property, allowing land-use decisions to reflect local ecological and commercial conditions.

TRF's strategy in brief

TRF combines conservation and restoration with commercial forestry, aiming to restore nature at scale while earning commercial returns. Around half its land is native forest, protected or restored for climate and biodiversity. The other half is FSC-certified tree farms, which provide stable cash flows. Income comes from sustainably managed timber and verified carbon removals. The approach is deliberately patient, built for meaningful impact with a manageable level of risk.



Commercial forest adjacent to restoration buffer on TRF property in Matto Grosso do Sul, Brazil. Photo Credits: TRF and subsidiaries

Table 1: The Reforestation Fund at a glance. Taken from the BTG Pactual TIG final-close announcement (April 2026)

Fund	The Reforestation Fund (TRF), the Latin American Reforestation Strategy of BTG Pactual TIG
Launch to close	• Launched October 2021 with a US\$1 billion target • Final close April 2026 at USD 1.24 billion, including co-investment vehicles and parallel funds
Fund term	15 years
Impact adviser	Conservation International (since 2021)
Mandate	• Acquire approximately 220,000 hectares of degraded land in Latin America • Conserve or restore approximately 110,000 hectares as native forests and other habitats • Develop approximately 110,000 hectares as sustainably managed commercial tree farms certified to Forest Stewardship Council (FSC) standards
Geography	Latin America, with a focus on Brazil's Cerrado and activity in Uruguay
Revenue streams	Sustainably managed timber; High-integrity carbon credits
Investor base	Institutional investors, development finance institutions, corporations, family offices and foundations
Target impact	• Around 36 million tonnes of CO₂e sequestered over the fund's life • Around 2,700 direct and indirect full-time equivalent jobs supported at full deployment
Progress (As of June 2026)	• More than 91,000 hectares under management • Around 35.5 million trees planted across more than 31,000 hectares of degraded land • More than 21,800 hectares under conservation • More than 22,000 hectares under restoration • More than 42,000 hectares of natural habitat expected to be connected through restoration • More than 1,000 plant and animal species identified • Around 640 km of streams under enhanced protection

TRF builds on the established forestry platform of BTG Pactual Timberland Investment Group (TIG), with Conservation International (CI) serving as impact adviser. TIG has extensive investment, forestry and operating capabilities, while CI contributed scientific, conservation and impact expertise to the fund's design and implementation - with both organizations relying on their longstanding experience of operating in Latin America. While these capabilities reflect TRF's particular institutional context, the broader takeaway is the importance of building from relevant existing capabilities and identifying where additional expertise or partnerships are needed.

The following subsections examine the fund's approach to capital sequencing, geographic selection, revenue diversification and its partnership with CI. They draw out practical considerations that may be relevant to other nature-focused investment strategies.

2.1 Capital Sequencing Strategy

While many institutional investors understood timberland as an asset class, the addition of large-scale restoration and carbon-linked revenues added complexity to the fundraise. TIG therefore built on the fund's familiar timberland foundations, initially taking the proposition to investors already familiar with its platform, track record and operating model in Latin America.

Concessional and catalytic capital then helped to mitigate hesitation around the newer elements of the strategy, including restoration delivery and carbon-linked revenues, by improving the fund's risk-return profile and providing additional confidence to later investors. Beyond their financial contribution, early concessional and catalytic investors also provided an important signal of legitimacy, helping to reassure other potential investors that the strategy had been assessed by credible institutions with experience in development finance and impact investing.

Sustaining this approach required patience and staying power. Developing the fund strategy and raising capital took several years, something TIG was able to absorb thanks to its established platform of fee-paying funds and the backing of the wider BTG Pactual group. This highlights the importance of having sufficient organizational capacity and development funding to support an extended development and fundraising process. This role gives the DCF scope to engage in sectors, geographies and business models where there is strong potential for impact, but where commercial evidence, investor confidence or transaction readiness is still developing with the type of support matched to each opportunity's specific requirements.

Table 2: Outline of the capital stack in The Reforestation Fund

Layer	What it does	Example partners
1. Concessional finance	Provides the most patient and risk-tolerant capital in the structure, helping to absorb early risks and crowd in other investors.	MFF (US\$40 million concessional first-loss equity through the program)
2. Development finance	Provides scale, credibility and validation to the fund through rigorous due diligence, strong environmental and social (E&S) standards, and long-term investment expertise. Participation by these investors can signal quality to commercial investors and help build confidence in the strategy.	IFC, CAF, BNDES, DEG, Impact Fund Denmark & FMO (US\$15 million from its own balance sheet)
3. Commercial and strategic	Provides market-based capital at scale and demonstrates that the model can attract investors seeking both financial returns and sustainability outcomes.	Pension funds, insurers, corporates and foundations, for example Mitsui O.S.K. Lines, New Zealand Superannuation Fund and Tokio Marine & Nichido Fire Insurance

Note: The above examples are not an exhaustive list; it gives examples of partners that are public. Many investors, and the individual commitment amounts, are not disclosed.



2.2 Geographic Selection

The Reforestation Fund operates primarily in Brazil, where extensive restoration potential and a mature commercial forestry sector create favorable conditions for investment at scale. TIG's long operating track record in the country further strengthened the proposition, giving the fund access to established teams, local relationships and land-sourcing capabilities from the outset. Brazil has nearly 60 million hectares of degraded pastureland that could be available for forest restoration under the right conditions.¹¹

Within Brazil, the decision to focus on the Cerrado rather than the Amazon reflected a combination of ecological, operational and commercial considerations. The fund concentrates on the southern Cerrado and adjacent non-Amazon biomes, where there is stronger access to timber-processing infrastructure, clearer land tenure and a more credible case for additionality.

Under Brazil's Forest Code, landowners in the regions where the fund operates are generally required to conserve around 20% of native vegetation, compared with up to 80% in the Legal Amazon.¹² By committing roughly half of its overall portfolio to conservation and restoration, The Reforestation Fund goes well

beyond the legal requirements in the regions where it operates, strengthening the additionality of its activities in Brazil.

2.3 Diversified Revenue Streams

The fund's revenue model combines two complementary income streams. The first is timber revenue, generated from timberland assets, a long-established institutional asset class valued for its inflation-hedging characteristics, low correlation with public markets, and biological growth over long holding periods.¹³ The second is carbon revenue, generated through verified removals from restoration activities.

Timber provides a commercial foundation that institutional investors are more likely to recognize, while carbon revenues help finance restoration and diversify the fund's income. Carbon may also generate income before timber harvesting, although the timing depends on the verification and sale of the underlying removals. Together, the two revenue streams reduce reliance on any single market and support the fund's wider risk-management approach.

A large part of making the commercial case involved contracting the carbon revenue before the fund closed. The long-term

¹¹ Orbitas and Climate Advisers, Room to Grow: The Economic Case for Forest Restoration in Brazil (June 2025). <https://orbitas.finance/wp-content/uploads/2025/07/FINAL-Orbitas-Room-to-Grow-Report-2025.pdf>

¹² World Wildlife Fund (WWF), Brazil's New Forest Code: A Guide for Decision-Makers in Supply Chains and Governments (2016). BTG Pactual Timberland Investment Group, 'BTG Pactual Timberland Investment Group to provide Microsoft with 8 million carbon removal credits'.

<https://www.worldwildlife.org/publications/brazil-s-new-forest-code-a-guide-for-decision-makers-in-supply-chains-and-governments/>

¹³ NCREIF Timberland Property Index; and Mei, B., 'Return and Information Transmission of Public and Private Timberland Markets in the United States', Forest Policy and Economics.

offtakes signed in 2024 with Microsoft, for up to 8 million removal credits¹⁴, and Meta, for 1.3 million credits with options for a further 2.6 million¹⁵, turned what would otherwise have been projected carbon income into contracted income. For investors, these agreements provided evidence of demand for high-integrity carbon removals and reduced uncertainty around an emerging revenue stream.

Diversification extends beyond revenue streams alone. Risk is spread across multiple properties, biological assets and underlying cash-flow sources, reducing reliance on any single commodity market, carbon buyer or individual investment. Combined with the fund's layered capital structure and broad investor base, this creates multiple buffers against operational and market volatility. Together, these features make diversification a core part of the fund's risk-management approach, helping to protect the strategy from shocks in any single asset, market or source of capital.

2.4 Partnering with Conservation International

While diversified revenue streams strengthen the commercial proposition, investors also needed confidence that the

environmental outcomes underpinning the strategy would withstand scrutiny. In nature-based investments, particularly those involving carbon markets, credibility is inseparable from commercial viability. Impact is not simply a reporting requirement. It forms part of the investment case itself. Conservation International brings the technical expertise, field experience and institutional credibility needed to strengthen the fund's environmental approach and support robust assessment of its outcomes. Their involvement helps ensure that impact claims meet the exacting standards of investors, stakeholders, and the carbon market. For institutions considering similar instruments, the operational implications should also be considered early. Repayable or convertible development contributions can sit between grant-making and investment processes, raising questions around legal treatment, accounting, approvals, risk appetite, staff responsibilities and ownership of repayments. Similar facilities may therefore need clear internal governance, compliance processes, repayment management and monitoring systems before deployment.

¹⁴ BTG Pactual Timberland Investment Group, 'BTG Pactual Timberland Investment Group to provide Microsoft with 8 million carbon removal credits'.

¹⁵ BTG Pactual Timberland Investment Group / Meta long-term carbon removal offtake announcement.

Table 3: Lessons from the TRF Fund Model

	Lesson	Practical implication
1.	Fund managers are better positioned for long-term success when they can manage upfront costs	First-of-a-kind strategies may require several years of investment before generating revenue. Before launching, fund managers should assess whether they, or the institution backing them, can absorb the upfront costs and sustain the organizational capacity needed through an extended development and fundraising process.
2.	Anchor investors familiar with similar asset classes create momentum	Early backing from investors who understand the core asset class can validate the proposition and create momentum for later investors. Fund managers can then introduce less familiar elements, such as restoration and carbon revenues, within a commercial model that investors already know how to assess.
3.	First-loss capital helps de-risk the raise, but does not replace the need for an experienced fund manager, a clear strategy and a credible impact case	Concessional or first-loss capital should address clearly identified barriers to investment and help mobilize additional investors. It should remain one part of the structure and cannot substitute for an experienced operator, a clear commercial strategy and a credible impact proposition.
4.	Additionality needs genuine headroom that remains commercially viable	Fund managers should identify geographies where there is credible scope to exceed legal requirements without undermining the strategy's economics. Restoration potential, land tenure, infrastructure, market access and local operating capacity should therefore be assessed together.
5.	Diversified, contracted revenue reduces risk	Multiple revenue streams can reduce exposure to any market, asset or buyer. Where possible, fund managers should secure binding commitments such as offtake agreements that convert projected revenues into more credible future income and strengthen the investment case.

3. Impact and Integrity

Conservation International is a global environmental organization with deep scientific expertise and significant credibility across the conservation and impact-investing communities. With extensive experience in Brazil, CI has a strong understanding of the Cerrado, its restoration challenges and the communities that depend on it. As an organization whose reputation rests on the integrity of its conservation work, CI first needed confidence that the strategy would deliver credible environmental outcomes and would not simply lend conservation credibility to a commercial investment vehicle. Much of this scrutiny centered on the plantation component of the strategy. Commercial timber plantations are not considered conservation assets in themselves, so supporting a fund that combined restoration, conservation and commercial forestry raised important environmental and reputational considerations for CI.

The fund strategy therefore needed to demonstrate that commercial forestry, restoration, carbon revenues and long-term conservation outcomes could be integrated credibly within one strategy. TRF shows that impact integrity is strongest when environmental and social considerations are incorporated into the fund's impact approach, asset selection, governance, measurement and community engagement from the outset. The

following subsections examine how these arrangements support the fund's environmental outcomes and its commercial proposition, and what lessons can be drawn from this.



Pampas deer (Ozotoceros bezoarticus) recorded on TRF property in Brazil. Credits: TIG and subsidiaries

3.1 Fund Impact Development

CI's scientific teams were involved from the outset, allowing environmental and social considerations to shape the fund's impact approach, asset-selection processes and operational planning. The commercial forestry operations were designed to limit additional negative environmental impacts relative to the degraded pasture they replaced, while the conservation and restoration components aimed to deliver benefits beyond applicable legal requirements.

For CI, this demonstrated that strong conservation outcomes could be pursued alongside commercial forestry rather than traded off against it. What began as careful scrutiny developed into confidence that the model could deliver large-scale conservation and restoration outcomes while remaining commercially viable. More broadly, CI's early involvement provided greater scope to shape how the fund's intended environmental and social outcomes would be delivered.

3.2 Impact Governance and Asset Selection

CI's role extends beyond that of a traditional adviser. It supports the environmental, climate and social outcomes of the strategy and reviews prospective assets against agreed impact criteria. CI holds two of the three seats on the Impact Advisory Board, which

reviews and provides an opinion on all new acquisitions. Its role is therefore incorporated into the fund's decision-making processes rather than being limited to general advice.

Every prospective asset is assessed against impact criteria agreed by CI and TIG. TIG first screens candidate properties against an agreed set of requirements and exclusion rules, including a deforestation cut-off date designed to avoid creating an incentive for recent land clearing. Properties that pass this initial screening are then independently assessed by CI against 14 impact criteria covering legal compliance, avoidance of harm, positive impact and water use.

If the assessment identifies an issue, CI and TIG consider whether and how it can be addressed. The findings then inform the Impact Advisory Board's review of the acquisition. This translates the fund's environmental and social objectives into practical criteria that shape asset selection before capital is deployed.

Once a property has been acquired, CI and TIG jointly develop a plan for its production, restoration and conservation areas. This includes determining how the land will be allocated and how each component will be implemented. Regular collaboration allows commercial and conservation objectives to be considered together in property-level planning.

The fund measures impact through a focused set of indicators. A central indicator is the proportion of the portfolio maintained as protected or restored native Cerrado, reflecting the fund's target of maintaining roughly half of the portfolio as native ecosystems and using the remaining half for commercial production. This target is monitored at the portfolio level rather than applied as a fixed ratio to every property. Other indicators address habitat connectivity and riparian buffers. The connectivity indicator, co-developed by CI and TIG following a request from an investor, is designed to connect habitat fragments within the fund's properties and across the wider landscape. It sets a target of two hectares connected for every hectare restored.

Together, these governance, assessment and measurement arrangements link the fund's environmental and social objectives to asset selection, property-level planning and portfolio monitoring. The focused indicator set also provides a basis for management and investor reporting.

3.3 High Integrity Carbon

The fund's carbon strategy sits within the broader integrity arrangements shaped and monitored by CI. This helps ensure that carbon revenue is supported by credible restoration practices, governance oversight and asset-level decision-making. The integrity of the underlying restoration outcomes is

important to the credibility and investability of the carbon revenue.

The fund's carbon strategy was developed during a period of heightened scrutiny of the voluntary carbon market, as investors and buyers increasingly demanded stronger standards and greater confidence in environmental integrity. Methodology selection was therefore both commercially and reputationally important. When the Integrity Council for the Voluntary Carbon Market approved Verra's VM0047 methodology for afforestation, reforestation and revegetation projects in December 2024, the fund was well positioned to adopt a standard that addressed many of the concerns associated with older forest-carbon methodologies. VM0047 introduced dynamic remote-sensing baselines and more rigorous additionality testing, making it harder to overstate carbon benefits and providing a stronger basis for investor and buyer confidence. TIG's Cerrado 1 project subsequently became the first project globally to receive credits under VM0047, with a total of 230,120 Verified Carbon Units issued in April 2026. This created a route to carbon revenue while also providing external validation of the integrity arrangements supporting that revenue.

The fund's carbon integrity is reinforced through its use of a wider set of recognized certification and performance frameworks, including the International Finance Corporation

Performance Standards (IFC PS), the Climate, Community and Biodiversity Standards and FSC certification. Together, these frameworks provide assurance and verification across environmental, social and operational performance. They also make the quality of the fund's approach more visible to investors and provide a common basis for assessing additionality, permanence and community benefits.

3.4 Social Impact and Long-term Durability

CI tracks both social and ecological impact. Its restoration supply chain is helping to build a local bioeconomy through native seed collection and seedling production, while involving surrounding communities in restoration activities. The model is designed with a particular focus on supporting women by creating opportunities to participate in and benefit from the restoration economy. At the time of writing, CI is also seeking finance to extend the approach to Afro-descendant communities in the region. Meanwhile, TIG's landscape-scale fire monitoring, developed for its commercial operations, supports restoration activities and provides visibility of conditions across the wider landscape.

Alongside these activities is a substantial research effort, including one of the largest experimental restoration areas in the Cerrado, undertaken with the Federal University of Viçosa. The programme is generating techniques that can be shared more

broadly and may help reduce restoration costs and risks for others. Together, these activities extend the fund's impact beyond hectares restored by supporting local economic opportunities and generating knowledge to improve restoration outcomes across the Cerrado and other relevant landscapes.

Durability is reinforced through several mechanisms. The future issuance and sale of carbon credits depends on maintaining and monitoring restoration outcomes. Restored areas are registered in Brazil's national land registry, providing legal protection beyond the fund's operating term, while the emerging bioeconomy may give local communities an ongoing economic interest in maintaining restored forests. No single mechanism guarantees permanence, but together these legal, ecological, financial and social factors strengthen the resilience of the fund's outcomes beyond its lifespan.

For investors, the combination of independent impact expertise, asset-level assessment, focused indicators and recognized external standards makes the fund's environmental ambition more assessable. Together, these elements support the credibility of the fund's outcomes and its wider investment proposition. The following section considers how investors assessed that proposition and the factors that supported their investment decisions.

Table 4: Lessons on impact and integrity

	Lesson	Practical implication
1.	A meaningful governance role strengthens the credibility of an impact partnership	An independent impact partner can give investors greater confidence in a fund's ability to deliver its intended environmental and social outcomes when it is involved from the outset and has a clearly defined governance role. This helps keep impact considerations central as investments are selected and implemented.
2.	Define impact criteria before acquiring assets	Impact objectives should be translated into clear screening criteria, exclusions and assessment processes before assets are acquired. Applying these criteria during sourcing and due diligence allows environmental and social considerations to shape investment decisions before capital is deployed.
3.	Recognized certifications make quality visible	Recognized standards and certification frameworks can make environmental, social and operational quality independently verifiable. They can help address investor concerns about additionality, permanence and community benefits while providing a common basis for assessing performance.
4.	Long-term durability depends on early design choices	Durability should be built into the fund's financial, legal, ecological and social design from the outset. Fund managers should consider how outcomes will be protected, monitored and supported beyond the fund term through legal protections, continuing revenue obligations and local economic incentives, and should work with credible partners throughout the duration of the fund.

4. Investor Perspectives

TRF remains relatively early in its fund life, and its full commercial performance and the durability of its environmental and social outcomes will only become clear over time. The investor experience to date nevertheless provides useful insight into what it can take to build confidence in an emerging nature market. Across the interviews, three themes stood out: the need for rigorous but well-coordinated due diligence, the importance of credible track records and evidence of execution, and the role of blended finance and transaction design in enabling participation. The following subsections explore these themes in more detail.

4.1 Due Diligence Processes

The ambition and relative novelty of TRF's strategy increased the scope of due diligence for many investors, contributing to a lengthy investment process. Investors needed to assess commercial, legal, environmental and social considerations in parallel, including areas where technical definitions or requirements were not aligned at the outset. A key lesson is therefore to agree material terms, including environmental and social requirements, earlier in the process to reduce uncertainty and avoid repeated cycles of diligence and negotiation.

TRF also demonstrated the value of coordination between investors. While each remained responsible for its own

investment decision, some were able to cross-check assessments and draw on work already undertaken by others, including external adviser findings and site visits included in environmental and social due diligence. More systematic sharing could further reduce duplication and transaction costs, particularly for investors with limited capacity to assess emerging nature strategies. Development finance institutions can be especially valuable in this respect. Their high standards for environmental and social due diligence can provide additional confidence to other investors that a strategy has undergone rigorous scrutiny if key DFIs are known to be participating.

4.2 Existing Track Records and Evidence of Execution

Alongside formal due diligence, investors consistently emphasized the importance of the fund manager's existing track record in building confidence in the strategy. This applied to both commercial execution and environmental and social delivery. Investors needed confidence not only in the investment thesis itself, but in the institution and operating systems behind it. TIG's management of existing assets through 'Project Alpha' provided investors with tangible proof points for how commercial forestry and environmental and social impact can be combined within the same land assets.

Investor confidence also depended on the expertise and credibility of specific people and partners responsible for delivery. Several investors highlighted the importance of experienced individuals within the TIG team, alongside CI's role in providing environmental and social expertise and independent challenge. For many, CI's involvement helped build confidence not only in the design of the strategy, but in the willingness and ability of the fund to follow through on its environmental and social commitments in practice.

This reinforces a broader lesson for fund managers: in novel fund strategies, confidence in execution depends as much on the credibility of the people and partners delivering the strategy as on the investment proposition itself.

4.3 Blended Finance and the Role of Equity

TRF reinforces the importance of blended finance in emerging nature markets. For some investors, concessional capital such as first-loss protection can be critical to improving the risk-return proposition and enabling participation in strategies that would otherwise be difficult to underwrite. More broadly, nature investment is not yet fully commercial across all strategies and geographies, meaning blended finance has a role not only in scaling individual funds but also in accelerating market creation: helping investors enter new markets, building track record and

supporting strategies in geographies or project types where risks remain harder to absorb commercially.

Equity investment creates a different challenge. Once capital has been committed, investors have less recourse than lenders to manage risk through future disbursement conditions. That places greater weight on getting material environmental, social, carbon-integrity and governance requirements right at the outset and, where appropriate, embedding them in binding contractual commitments. In this sense, the constraints of equity can also help drive greater rigor upfront in both due diligence and transaction design.



Blue-and-yellow macaw (Ara ararauna) in Brazil. Credit: TIG and Subsidiaries

Table 5: Lessons on impact and integrity

	Lesson	Practical Implication
1.	Agree key technical terms before extensive due diligence	Before detailed due diligence begins, investors and fund managers should agree how key technical terms and environmental and social requirements will be defined and applied, alongside material commercial terms. Recording these points clearly in a term sheet, and then in an environmental and social action plan that forms part of the legal agreement, can reduce uncertainty and avoid repeated rounds of diligence and negotiation.
2.	Track record and evidence of execution build investor confidence	Fund managers should assess the capabilities of their team and partners, identifying and mitigating any potential gaps. Relevant track record, experienced individuals, credible specialist partners and tangible proof points from early assets can demonstrate that commercial and impact commitments can be delivered in practice.
3.	Development finance institutions can provide value beyond capital	The value of DFIs can extend beyond the capital they provide. Their reputation, investment standards, due diligence and signaling effect can strengthen investor confidence that an emerging strategy has undergone rigorous commercial, environmental and social review.



Conclusion

TRF shows how institutional-scale nature investment can be built by combining familiar commercial foundations with new sources of environmental value, underpinned by credible impact governance and appropriately structured capital. Its model draws on an established forestry platform, diversified timber and carbon revenues, a geography with strong restoration potential and operating infrastructure, and an embedded partnership with Conservation International to strengthen environmental and social integrity. The fundraise also demonstrates the importance of patient development, catalytic and development finance, rigorous due diligence, and credible evidence of execution in bringing investors into an emerging strategy. TRF is still early in its fund life, so its long-term commercial performance and the durability of its environmental outcomes remain to be proven. Its significance today is therefore as a practical example of market creation: showing how commercial, environmental and financial elements can be brought together in a form that institutional investors can assess and, at the same time, generating lessons that can help inform the next generation of nature-focused investment strategies.



Aerial view of Cerrado restoration experiment with the University of Viçosa in Mato Grosso do Sul, Brazil. Credit: TIG and Subsidiaries

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This report was developed by Kitty Parker-Brooks, Project Manager, Systemiq and Emmet Lowry, Associate, Systemiq. For any questions regarding this paper, please contact Megan Hawkes: megan.hawkes@thepalladiumgroup.com



*Top: TIG Brasil team and local third-party contractors on TRF property, Brazil.
Credit: TIG and Subsidiaries*

Bottom: TIG Brasil planting operations on TRF property in Mato Grosso do Sul, Brazil. Credit: TIG and Subsidiaries