

Inside TREF: De-Risking Early-Stage Nature Ventures with Impact Earth (full version)

Deploying private capital into frontier tropical ecosystems requires more than patience—it demands flexible, risk-tolerant financing structures that prioritise long-term resilience.

To bridge the gap between early-stage project developers and institutional investors, Impact Earth has launched the [Warehousing Facility for the Tropical Resilience Fund \(TREF\)](#), through targeted early-stage pipeline and project development support—RSCF together with complementary backing from [Good Energies Foundation](#).

In this Q&A, the team at [Impact Earth](#) breaks down the practical lessons learned from their Amazon Biodiversity Fund and how it informed this new strategy, the mechanics of their new Warehousing Facility, why warehousing assets builds institutional investor confidence, and how they are addressing the shared bottlenecks facing nature-based enterprises across Latin America and Southeast Asia.

Impact Earth is an independent, employee-owned and FCA-regulated impact investment adviser and manager specialising in nature-based solutions across frontier and emerging tropical markets.

From the Amazon Biodiversity Fund (ABF) to Tropical Resilience Fund (TREF)

RSCF previously supported Impact Earth under Support Lines 2 & 3 to build the investment pipeline for the [Amazon Biodiversity Fund \(ABF\)](#). How did the practical lessons from sourcing and de-risking early-stage deals in the Brazilian Amazon inform the design of the Tropical Resilience Fund (TREF)?

With ABF, our aim was to support a sustainable bioeconomy in the Amazon by financing businesses that protect biodiversity and strengthen local livelihoods. Working in one of the world's most complex ecosystems gave us the opportunity to test and refine our investment approach. That experience laid the groundwork for applying it more broadly to help close the financing gap for nature-based enterprises, particularly in markets where nature investing is still developing.

One of its most important lessons was that **investing in nature requires adaptability throughout the investment lifecycle**. Nature-based businesses operate in dynamic environments. Business models evolve, financial projections change, and investees face climate, market and

macroeconomic shocks. We experienced this directly in the Amazon, where increasingly severe climate shocks reinforced a fundamental investment question: will the business, the ecosystem and the communities around it remain resilient as conditions change?

That experience has materially shaped TREF. **We retain the elements of ABF that worked well: a systemic approach to nature, flexible mezzanine instruments, strong local presence and proactive, equity-like portfolio management.** We are building on these foundations by making resilience and adaptive management more explicit throughout the investment process. TREF will assess resilience before investment, identify practical measures to strengthen investees' ability to adapt, and monitor and adjust those measures throughout the investment lifecycle. Follow-on reserves and technical assistance will provide additional flexibility, while an investment process better suited to earlier-stage businesses—including faster decision gates for smaller investments—will help us respond to their financing needs.

ABF also demonstrated that promising opportunities often need substantial preparation before they become investable. **Technical support, flexible structuring and patient capital are essential to help businesses and projects absorb larger-scale institutional finance.** TREF therefore takes the ABF model forward. We are expanding our geographic reach while strengthening how we help investees anticipate, absorb and adapt to shocks. Building on RSCF's support for ABF, we now want to extend this approach to new tropical markets and embed resilience more systematically in the businesses and projects we finance.

TREF expands Impact Earth's scope beyond Latin America into Southeast Asia. What shared bottlenecks (or distinct regional opportunities?) are you observing across these two tropical belts when sourcing nature-based ventures?

The common challenge is remarkably consistent. **Across the tropical belt, we see fragmented local capital markets, underserved SMEs, significant gaps in investment readiness and a mismatch between where capital is available and where nature-positive businesses actually need it.** Much of the available commercial capital is concentrated at later stages, while relatively few investors are equipped to provide flexible tickets below USD 10 million.

At the same time, these are not interchangeable markets. In Latin America, particularly Brazil and Peru, we can build on deep experience in forest conservation, restoration, agroforestry, carbon and sustainable value chains, together with the local networks developed through ABF and our wider activities. Southeast Asia brings a different opportunity set, including exceptionally rich terrestrial, coastal and marine ecosystems and significant opportunities around forests, mangroves, regenerative production systems and nature-linked value chains.

That diversity is precisely why TREF takes a systems rather than a sector approach. We can invest across Nature Projects, Productive Systems and Market Catalysts – from conservation and restoration through regenerative agriculture and agroforestry to processing, logistics, market access and technologies that make those systems more resilient.

What increasingly connects these markets is also their exposure to shocks. Climate events, commodity volatility, changing markets and macroeconomic conditions can rapidly alter the economics of a nature-based business. **This is why we see resilience not as a separate impact objective, but as an investment criterion.** Across both regions, we are looking for businesses that can adapt over time – and where our capital and technical support can actively strengthen that capacity.

The common denominator is therefore not a particular commodity or ecosystem. It is finding businesses and projects where nature, resilient local economies and commercially sustainable revenue models reinforce one another, and then providing the patient, flexible capital needed to help those models scale.

Mechanics of the Warehousing Facility

For readers who may not be familiar with structured finance, how would you describe the Warehousing Facility in simple terms, and why it was necessary to establish this vehicle prior to the main fund's close in 2027?

The simplest way to think about the Warehousing Facility is as a bridge that allows us to start doing today what TREF is ultimately designed to do at scale.

There is an important timing mismatch in nature finance. Raising an institutional fund can take considerable time, particularly in today's more risk-averse fundraising environment. But high-quality nature businesses and projects cannot necessarily wait for that process to conclude – and the need for capital to protect and restore ecosystems and build more resilient local economies is increasingly urgent.

The warehouse allows us to deploy capital earlier into a small number of high-priority TREF opportunities, rather than losing momentum or asking those businesses to wait until the main Fund reaches first close. At the same time, it gives us the ability to work with those investees on resilience and the other elements required for them to scale.

There is a second benefit that is particularly important in the current market. **Institutional investors are increasingly risk-conscious and want to see evidence before committing capital to a new strategy.** The warehouse allows us to turn a pipeline on paper into actual investments: companies and projects that have been diligenced, structured and supported, and through which investors can see how the TREF strategy operates in practice.

So the warehouse serves both sides of the equation. It gets desperately needed capital to nature-based businesses more quickly, while giving larger investors greater visibility and comfort around the assets, the investment process and the strategy before they commit at scale.

The warehouse puts TREF's investment strategy to work ahead of the main fund's first close. Qualifying investments are intended to be transferred into the fund following that close and form part of its initial portfolio.

Promising nature-based businesses frequently hit a financing wall between seed funding and early growth. How does the warehouse structure directly address this gap for early-stage project developers on the ground?

The financing gap is not simply a shortage of capital; it is a shortage of capital with the right flexibility, timing and risk appetite.

Many promising nature-based businesses have moved beyond grants and incubation but are not yet ready for conventional commercial debt or larger institutional investors. They may need capital to demonstrate a business model, complete technical work, secure market access, strengthen governance or ESG systems, or adapt their operations to increasing climate and market risks. **Yet those are precisely the costs that conventional finance is often least willing to fund.**

The warehouse and TREF both enable us to enter at that point. **We can make an initial investment while working with the investee to address specific barriers to institutional investment readiness and resilience.** These initial investments are intended as first tranches rather than necessarily the full TREF exposure. Once a transaction moves into TREF, the Fund can provide follow-on capital to the strongest-performing opportunities as their financing needs grow.

That creates something that is still missing in much of nature finance: **a pathway rather than a single transaction – from investment readiness to next institutional capital, and larger-scale growth finance.**

And because we remain actively engaged after investing, we can adjust that pathway as circumstances change. That matters enormously in nature-based investing: the objective is not to assume that the original business plan will remain unchanged for five or ten years, but to give strong businesses the capital, expertise and flexibility they need to adapt without losing their underlying nature and impact objectives.

The Role of the Restoration Seed Capital Facility (RSCF) & Catalytic De-Risking

The Restoration Seed Capital Facility (RSCF) has extended its backing to Impact Earth by co-funding this new warehousing phase alongside the Good Energies Foundation. How does RSCF's cost-sharing mechanism help de-risk early pipeline origination in a way that traditional commercial capital cannot?

The economics of originating nature-based investments in frontier markets are challenging. Before a transaction is investable, considerable work may be required on technical feasibility, ESG readiness, legal and tax structuring, commercial development, resilience planning and impact measurement amongst others. Those costs occur before there is certainty that an investment will close. As an entity we also need larger local resources than what more traditional investors will have.

That is precisely where catalytic support such as RSCF is valuable. **Support Line 2 contributes to the infrastructure of origination** – including local ecosystem partnerships, pre-feasibility work, investment readiness, local team capacity and regional expansion – **while Support Line 3 goes deeper at transaction level**, supporting areas such as ESG and technical readiness, carbon feasibility, legal and tax structuring, resilience roadmaps, project execution and market development.

Commercial investors are generally prepared to finance assets once risks are understood and transactions are sufficiently mature. They are much less able to absorb the uncertain cost of creating that investability in the first place.

RSCF's cost-sharing therefore does not replace commercial capital. It helps build the bridge towards it. By sharing part of the early development cost and risk, catalytic partners allow Impact Earth to pursue opportunities with high additionality rather than narrowing origination to businesses that are already the easiest to finance.

Alongside the Good Energies Foundation, this support helps move promising opportunities towards the point where larger pools of private capital can participate.

How does having early catalytic backing in place during the warehouse phase help build institutional investor confidence as you prepare for TREF's broader fund launch?

Institutional investors understandably want more than a compelling investment thesis. They want evidence that a manager can source opportunities, structure them, manage the risks and deploy capital in the target markets.

The warehouse allows us to convert TREF from a pipeline on paper into an observable portfolio. By the time investors are considering the broader Fund, we aim to be able to show actual transactions that have passed through our investment process, undergone technical, ESG and resilience assessment, and begun implementing their business and impact plans.

That is particularly important because TREF introduces two meaningful developments from ABF: expansion across the tropical belt and a much more explicit focus on resilience. ABF demonstrated our ability to deploy a flexible mezzanine strategy in the Brazilian Amazon; the TREF warehouse provides an opportunity to demonstrate how that model translates into the next generation of the strategy and into new geographies.

Catalytic backing therefore creates a multiplier effect. It takes risk at the point where risk is hardest for institutional investors to underwrite, and in doing so generates the evidence those investors

increasingly need before participating at much greater scale. In a more risk-averse capital environment, that progression from pipeline, to early deployment, to demonstrated execution can be particularly valuable in building investor confidence.

Impact & Future Outlook

What key environmental, social, and biodiversity indicators will you be monitoring across the initial portfolio housed within the facility?

The warehouse gives us an opportunity to begin applying the same impact architecture that will ultimately underpin TREF. At Fund level, the current TREF framework targets traditional KPIs like tonnes of CO₂e avoided or sequestered, hectares of ecosystems conserved or restored, hectares of productive land and coastal areas sustainably managed, direct beneficiaries from local communities. It also introduces a Resilience Score for each investee, being developed in partnership with CGIAR/CIAT.

But we do not see impact measurement simply as aggregating hectares and tonnes. TREF is built around the relationship between environmental, social and economic resilience. At transaction level, indicators will therefore reflect the specific investment: biodiversity and ecosystem outcomes, livelihoods and community participation, sustainable production, climate mitigation and adaptation, and the commercial resilience of the underlying enterprise.

A particularly important innovation is that resilience is intended to be assessed ex ante and then monitored throughout the investment lifecycle, with preventive and corrective measures incorporated through Resilience Action Plans.

In other words, we want to measure not only what nature impact an investment creates, but whether that impact – and the communities and businesses supporting it – can endure future shocks.

What milestones can the restoration and impact finance community expect to see from TREF and Impact Earth over the next 6 to 12 months?

The next phase is about moving from architecture to execution.

The first priority is the activation and deployment of the Warehousing Facility, progressing a small number of priority transactions from the existing pipeline and demonstrating the TREF investment model in practice. In parallel, we will continue building our regional origination capabilities across Latin America and Southeast Asia, including the local partnerships and capacity required to operate effectively in these markets.

A second milestone will be the continued implementation of TREF's investment framework, so that these become practical tools applied to transactions rather than simply elements of the Fund's design. This includes applying resilience assessments and action plans and

addressing discrete barriers that prevent promising businesses and projects from becoming investment ready.

And finally, the major objective is to translate that activity into TREF's broader institutional fundraising: using the warehouse portfolio to demonstrate deployment, validate the strategy and support the Fund's first close, after which qualifying warehouse investments are expected to become part of TREF's initial portfolio.

For us, the measure of progress will therefore not simply be capital raised. It will be whether we are building a repeatable pathway that takes promising nature-positive businesses from investment readiness to institutional scale – while increasing their capacity to withstand and adapt to an increasingly volatile.