







WHERE IS THE SMART MONEY INVESTING?

CLIMATE RELATED INVESTMENT

There has been a sharp uptick in climate related investment and the emergence of new asset classes. Find out what you need to know below.

WHO ARE THE “SMART MONEY” INVESTORS, AND WHERE IS THEIR MONEY MOVING?#

	 AGRICULTURAL REGENERATION	 SUSTAINABLE AGRICULTURE	 GREEN LAND BANKS	 WIND	 SOLAR	 OTHER* RENEWABLES
Corporate	✓	✓	✓	✓	✓	✓
Power Companies				✓	✓	✓
Family Offices	✓	✓	✓	✓	✓	✓
Superannuation and Pension Funds (60:40 – offshore/local).		✓		✓	✓	✓

#The above represents general trends we are seeing across numerous tools and funds.

* Including hydrogen, batteries and technology.

WHAT ARE THE CATALYSTS?



Investment fundamentals

We've seen significant changes in investment fundamentals that have historically not been present driven by:

- + A developing shortage in institutional grade investments as compared to demand and this is likely to continue.
- + Inflationary pressures around food and electricity spots are making certain agricultural and power projects feasible.
- + More mature climate credit and offset markets drive monetisation adding to investment returns.



Green Commitments

Businesses and investment institutions are increasingly making hard commitments to "green" practices and have allocated pools of capital to this end. For some this makes financial business sense as carbon intensive industries become more expensive and for others it is about a commitment to a greener world and meeting consumer sentiment. A number of businesses are creating brand identities over green investment.



Security of supply

High carbon intensive industries are increasingly concerned about future cost and supply of green power and carbon offsets. So we are seeing mining, manufacturing and transport industries in particular seek guaranteed supply through investing in projects. In doing so some will be able to effectively buy future offset supply at today's prices.



Technological advancements

The investment over the past decade in new technologies and know-how such as ag-tech and regenerative agricultural techniques have now paid off proving better investment yields and environmental outcomes for projects that previously had poor investment fundamentals.

WHAT DOES THIS ALL MEAN?

1. This is the beginning of an era where climate, including energy related investments, is a major asset class. There is more capital available for climate investment than there are current bankable projects. So we believe that there will be a continued appetite for investment products giving green exposure.
2. We have had to develop new fund and project models given the long investment horizons for these assets. Investor liquidity, recycling of capital and unique financing structures have needed to be designed at investor, fund, and asset levels.
3. Some investor pools prefer development risk returns and others lower risk established asset returns. This is driving new bespoke investment structures, liquidity and pricing models.
4. There will be continued joint ventures between climate and power experts, and fund managers. This will taper off as fund managers build up their own in-house expertise.

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