



{mission} Create private investment strategies that enhance the economy and environment of our working lands and waters.

Guiding Principles

Restore Capital aims to maximize the environmental and financial benefits from restoring working lands and waters while reducing capital costs. We achieve this by:

- **Identify** applicable Ecosystem Market (ESM) contracts for “on the ground” practices that can be financed,
- **Analyze** regulatory drivers and timeline of these ESM revenue sources,
- **Fund** ESM projects based on risk/return patterns of the contracts and associated revenue.

Identify

Currently, Restore Capital is focused on the strongest, most mature Ecosystem Markets, which include:

- Wetland Mitigation
- Water Quality Trading
- Federal Payments for Ecosystem Services (PES) Programs
- Conservation Banking

As other markets develop, future investment opportunities may include:

- Carbon Offsets
- Other innovative tools, such as performance bonds and credit insurance.

ESM investments are identified through Restore Capital’s network of environmental groups. Additionally, some groups are the recipients and managers of loans from Restore Capital and use the funds to implement and oversee ‘on the ground practices’ for communities of landowners, farmers and foresters. Such groups helping to identify and manage the loans from Restore Capital include:

- Government Agencies (Federal, State, and Local)
- Land Trusts
- Community Development Corporations
- Non-Profit Environmental and Conservation Organizations
- Mitigation Bankers
- Forest and Land Management Companies
- Large Landowners



Analyze

As investments are identified, a general framework is used to determine the quality and viability of investments. The following are only examples and do not represent the complete process. Restore Capital maintains the right to refine and adjust its due diligence process as seen appropriate and necessary.

General Criteria

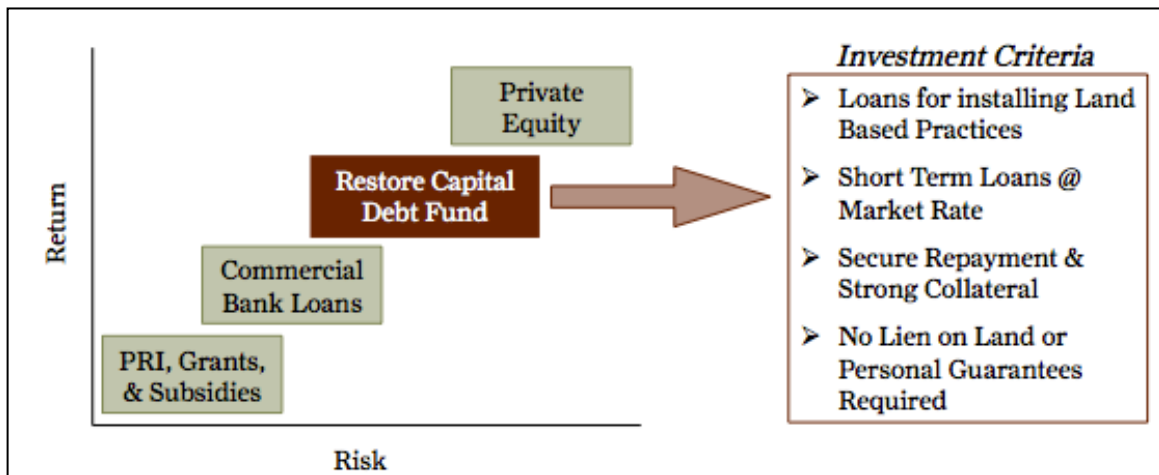
- Purpose for borrowing the funds
- Repayment Method
- Risk diversification (e.g. practices over multiple farms, high return coverage, insurance policies...)

Supporting Documentation

- Proof of Good Standing (financial and professional)
- Regulatory Certifications and Approvals
- Assignment of ESM Credit Contracts or other similar securities

Fund

Restore Capital provides loans for financing ESM projects through our market rate private debt fund – Restore Capital Fund I (“Fund”).



The Fund’s loans do not require the use of personal guarantees or land as collateral. Instead, The Fund emphasizes collateral from contracts for the purchase of Ecosystem Credits from a creditworthy source. Potential creditworthy purchasers include:

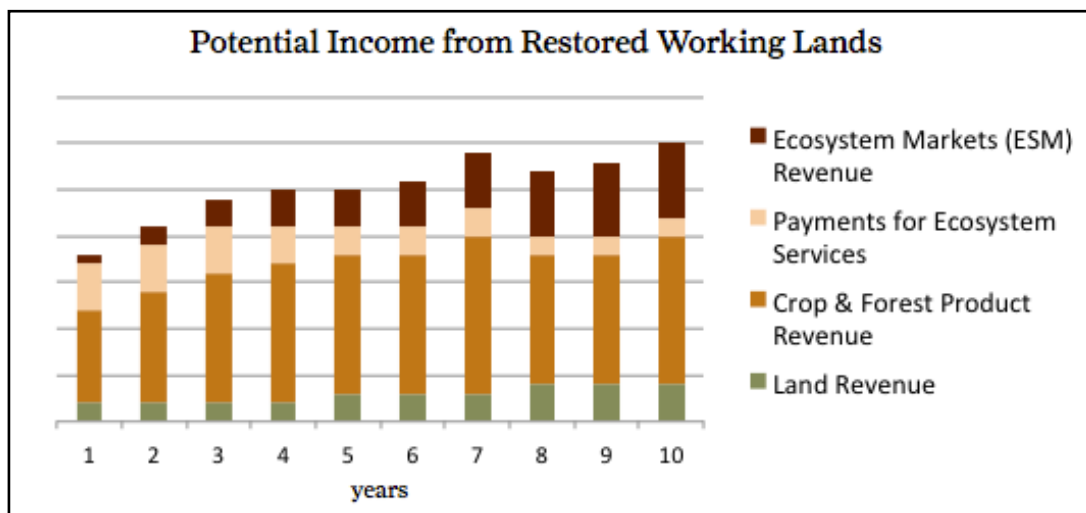
- Government or corporate entities fulfilling *current regulatory requirements*
- Government *Payments for Ecosystem Services (PES)* (CRP, EQIP...)
- Investment grade buyers purchasing credits *in anticipation of future regulations*



The Fund provides market rate loans to qualifying projects with interest rates based on several factors. The two main factors in determining interest rates include: project timeline and market strength.

Project Timeline

Each ESM project will have certain returns and repayment schedules. Depending on the mix of certainty, return rate and schedule of the on the ground practices, an income flow can be established with potential certainty of range of repayments (high to low estimations). Interest rates are therefore correlated with the progress of the project and the amount of work still needed for ESM credit creation.



- **Long term:** Project investment and implementation (Funding for restoration work, practice implementation). Higher interest rates.
- **Moderate term:** Credit confirmation (Implementation complete. Maintenance, monitoring and verification still required). Moderate interest rates.
- **Short term:** Factoring future payments on completed projects (Implementation completed, waiting on release of credit sales. May involve some final maintenance, monitoring and verification). Lower interest rates

Market Strength

As outlined above, several markets are currently matured to a level that allows for investment opportunities (**wetland mitigation, conservation banking, water quality trading, and federal cost share**). These markets are typically supported by strong federal and/or state legislation and have a significant source of regulated demand - water treatment plants in need of water quality credits; infrastructure projects in need of mitigation; or government subsidies.



Other markets, (e.g. **carbon offsets**) are not sufficiently supported legislatively and demand is therefore predominantly volunteer-driven. When these markets begin to mature with more regulated demand, Restore Capital may invest in certain projects, potentially requiring higher interest rates to reflect remaining regulatory/demand uncertainty.

ESM demand is also created by corporations voluntarily purchasing credits in anticipation of future legislation (**pre-compliance ESMs**). While not as strong as regulated demand, these transactions are considered by Restore Capital, depending on the investment grade of the buyer and strength of credit-purchase contract to determine interest rates.

Restore Capital Consulting

In addition to activities associated with Restore Capital Fund I, Restore Capital provides consulting services to organizations interested in creating financial structures and funds in Ecosystem Markets. Restore Capital's services include: market analysis, performing due diligence, structuring financial models, etc. Targeted clients include Non-Profits, Government Agencies, Commercial Banks, Investment Management Companies, and Corporations.

