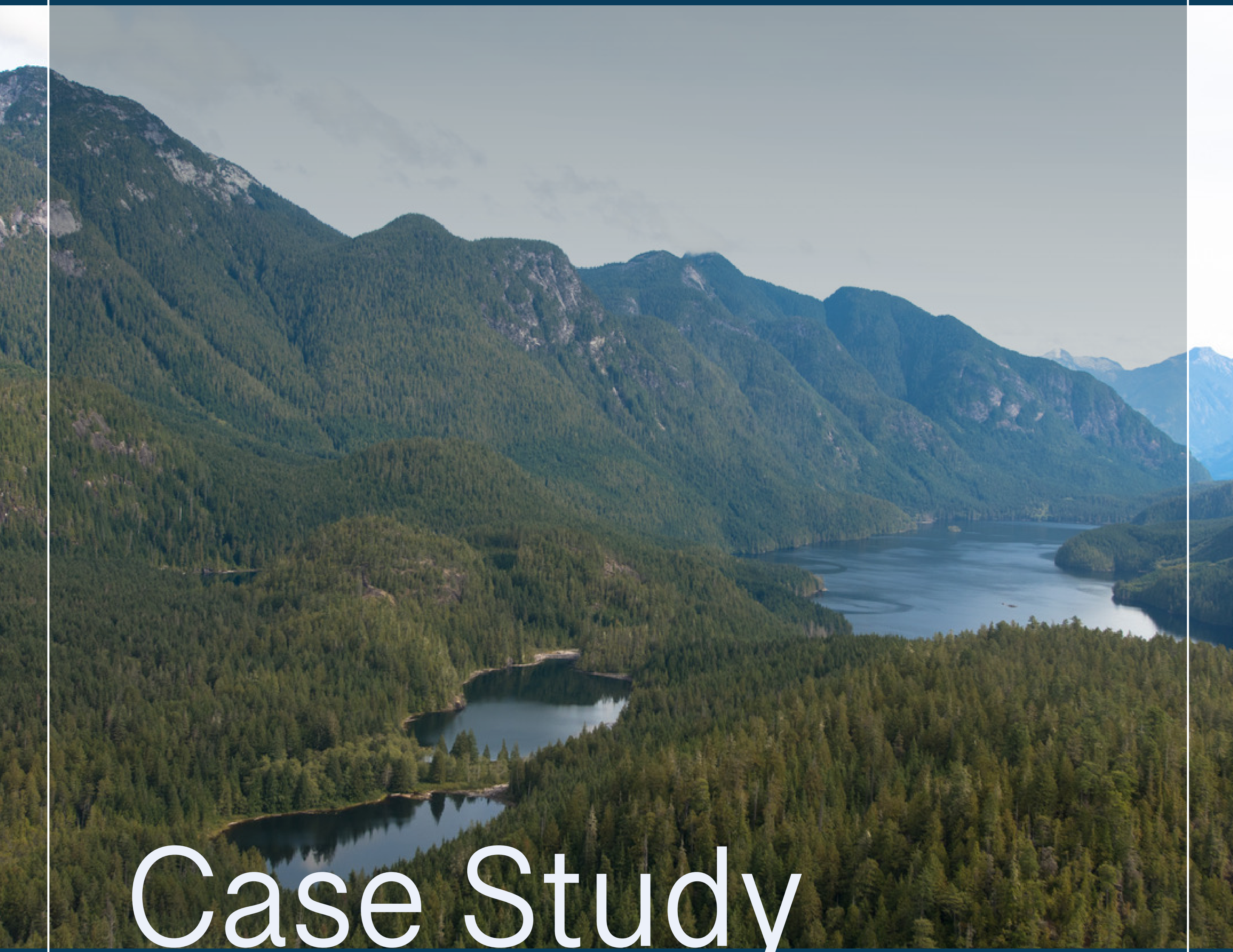
FOREST TRENDS

The Nature Conservancy



Case Study

KWAXALA

State of Private Investment in Nature

2026

Kwaxala—Finance on Nature's Terms: *A New Investment Architecture for Indigenous-Stewarded Forests*

QUICK FACTS

Geography	British Columbia, Canada—M̱a̱c̱inuxʷ Special Forest Management Area, Kwiakah First Nation territory
Stage	Phase 1 7,500-hectare Pilot established May 2024; Carbon offset agreement confirmed April 2026; final investor diligence underway, full 57,000-hectare pilot now in progress.
Capital raised	Nature United philanthropic grant: CAD$3 million (~US$1.8 million). Living Forest Shares sold: US$1.8 million. Asset value on Kwiakah First Nation balance sheet: US$13 million.
Asset type	Real asset / Environmental credits. Novel cooperative and revenue-sharing structure; not a conventional fund or company.
Instrument	Living Forest Shares (perpetual passive revenue-share units); carbon offset offtake elective for corporate investors

Most of the world's most ecologically valuable forests are not held in private hands. In British Columbia, 94% of land is Crown land with underlying Indigenous rights to title over those lands, with the best forest held under Tree Farm Licenses issued to logging companies. These licenses are not only rights to extract timber; they have historically been legal obligations to do so.

Rather than attempting to outbid logging companies for land, or relying on philanthropy to offset extraction after the previous industrial holder of a Tree Farm License relinquished harvest rights, Kwaikah First Nation worked with the BC Ministry of Forests over three years to convert the logging obligation into a structure that supported their vision to protect and regenerate their territory, retiring the license's extractive obligations. These regenerative rights are now held by the Nation, and generate an annual carbon offset revenue from a living forest.

The Nation has also founded Kwaxala, which has created a new form of pooled investment fund and securitized the annual revenue from the project into Living Forest Shares—perpetual investment units that investors hold in exchange for a share of ecological output. The Living Forest Share mechanism effectively converts relatively low acquisition cost per hectare Tree Farm Licenses and modest income streams from carbon credits into a balance sheet asset which the Kwiakah First Nation can leverage to fund ecosystem regeneration and community economic development.

The pilot site is the M̱a̱c̱inuxʷ Special Forest Management Area on Kwiakah First Nation territory, with 7,500 hectares formally established in May 2024. In April 2026, the BC Ministry of Forests finalized the pilot carbon offset flow and now the Nation is pursuing the balance of the full 57,000-hectare pilot. Final investor diligence is in progress on the Kwaxala pilot Living Forest Share issuance.

KEY FIGURES

~7x asset value leverage ratio
57,000-hectare full pilot mandate (April 2026)
5% perpetual investor yield, indexed to carbon pricing
7–8x lumber revenues projected over 25-year horizon

PROJECT ARCHITECTURE

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Each Regenerative Forestry project generates annual carbon offset revenue, brokered by Kwaxala. A fixed stewardship cost base is distributed back to the project first; the remainder is securitized into Living Forest Shares, with pricing indexed to deliver a 5% yield from their share of revenue. If carbon prices rise, yield rises and asset value with it. The Nations retain the bulk of their project's asset value but can sell Living Forest Shares to investors to raise capital for project establishment or more diverse economic development. A key impact multiplier of purchasing Living Forest Shares is the demonstrable value given to the assets retained by the Nation, turning Living Forests into visible and valuable multi-generational economic assets without their ownership leaving the community. Living Forest Shares are issued against new project revenue streams but become fungible across the fund portfolio when purchased by investors, so investor returns pool across all the projects while each forest remains fully sovereign and can receive direct investment. Corporate investors may elect to receive raw carbon credits rather than cash distributions, treating the shares as a balance sheet asset that generates annual offset supply.

Kwaxala takes no direct fees from revenue flows or fund management. It funds itself entirely by holding a portion of Living Forest Shares from each project it onboards, aligning its incentives entirely with project and network performance. Kwaxala is also majority owned by a partnership of the Nations in the network it serves, ensuring surplus network value flows back to the Nations.

Catalytic capital played a specific and time-limited role. Nature United provided CAD$3 million (~US$1.8 million) as a philanthropic grant to the Kwiakah First Nation to acquire the initial tree farm license and provide capacity to the Nation to develop their vision. Once the right to regenerate was established, commercial capital began to enter on market terms via Living Forest Shares. A capital commitment facility is now being built to enable institutional deployment at scale. Large allocators diligence the Kwaxala protocol once and commit capital in advance, drawing down as new sovereign projects come online.

SCALABILITY AND FUTURE DIRECTION


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The immediate scaling mechanism is the capital commitment facility. Once the protocol is diligenced, large allocators can commit capital in advance and Kwaxala draws it down as new sovereign Indigenous partners come online following the established protocol. Each new partner establishes its own Regenerative Forestry project, Living Forest Shares are issued by the pooled fund against committed revenue share, and they can access capital as required whilst retaining full sovereignty over their forest and receiving annual revenues generated by Kwaxala's network brokerage services. It's a model that can then be applied across multiple projects delivering pooled investor returns and building a coordinated network of sovereign indigenous regenerative forestry projects.

KEY TAKEAWAYS

- The right to regenerate, acquired at the same cost as the right to extract, turns a living forest into a recognized balance sheet asset. A US$1.8 million pilot acquisition has been converted into US$13 million in asset value on the Kwiakah First Nation's books.
- How capital is securitized determines where value lands. Conventional company structures, even green ones, concentrate value in centralized management entities. Securitizing the ecological outcome directly at the project level keeps value and sovereignty local while still enabling institutional-scale deployment.
- Designing a protocol-based system that allows large allocators to commit capital in advance, drawing down as projects come online, turns pipeline development into a deployment mechanism rather than a repeated fundraising exercise.
- Because investors own a share of what the forest produces rather than the forest itself, they cannot liquidate the underlying ecology when markets shift. The investment architecture makes permanence structurally enforceable.