

New climate fund from Derek Handley's Aera VC raises \$44m, reveals first investments

By **Chris Keall**

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Derek Handley. Photo by Dean Purcell

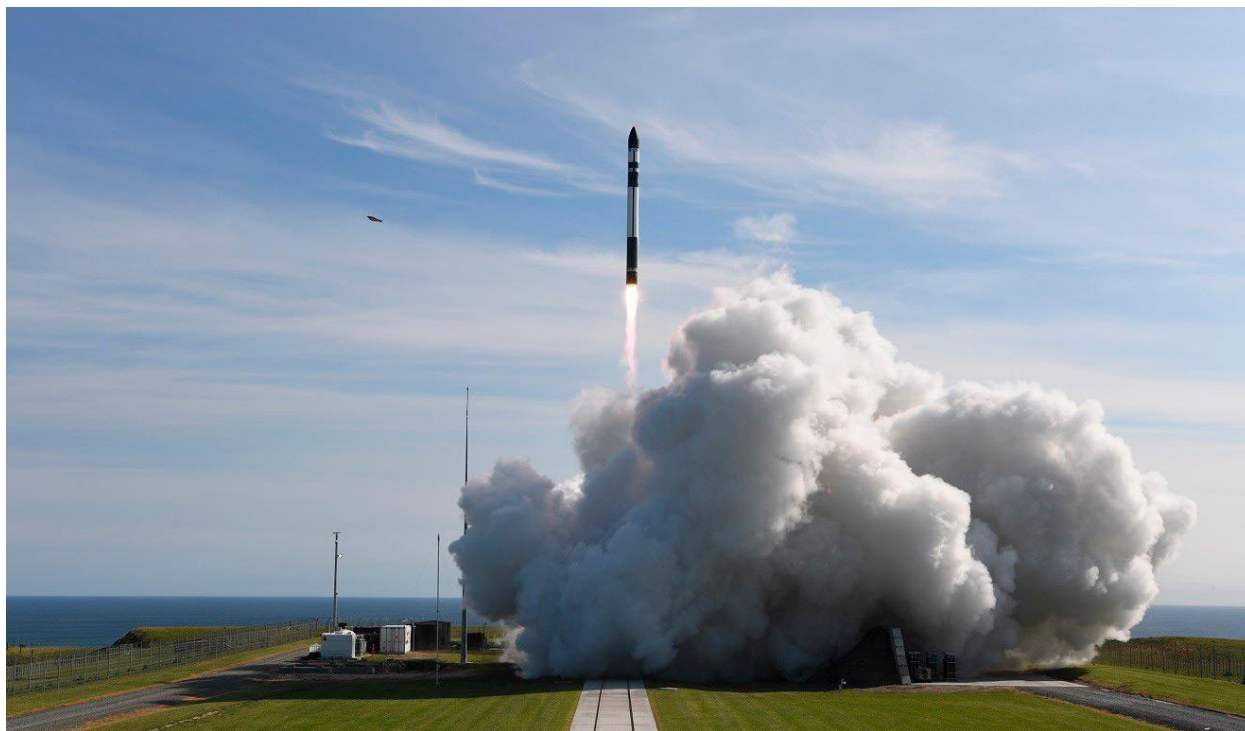
Aera VC has revealed a US\$30 million (\$44m) first-close for a new fund focussed on climate-focussed startups - and revealed some of its first investments.

Managing partner Derek Handley says the fund could ultimately top \$100m. Its focus is on any company developing technology to help decarbonise, from a carbon negative way to make concrete to plant-based foods.

Aera VC is also assessing a possible spin-off fund focussed on New Zealand startups, which could be up-and-running inside a year.

The five-year-old Aera is globally focussed, but two of its three founding partners - Handley (West Auckland) and Nick Winstone (Arrowtown) are based in NZ. The third, Keenan Kwok, is in Hong Kong. Aera's corporate HQ is in Singapore.

Aera has also partnered with Auckland's Outset Ventures, which runs a deep technology fund.



Launch. Image from Outset Ventures

A number of high net worth NZ families have backed its new fund, including the Tindalls (through K1W1) and the Fukutakes through Still (which includes Hideaki Fukutake, Paul Cameron, Handley and Kings Plant Barn director Matthew Bailey in its collective).

And although a dedicated NZ fund is on the table, Aera has already put money into KiwiDutch company Dawn Aerospace, which has run test flights from near Aoraki/Mt Cook, and New Culture, the NZ-founded, San Francisco-based vegan cheese startup New Culture, run by Kiwi CEO Matt Gibson.

Aera's new climate-focused fund is launching with a portfolio that includes Houston-based Solugen, which extracts chemicals for industrial use from sugar rather than petroleum. Aera first invested in the US startup four years ago and which now has a private equity valuation of US\$1.8 billion).



Solugen makes water treatment chemicals and others from renewable feedstock. Todd Spoth for Solugen

The initial lineup also includes Shiok Meats (a Singapore maker of seafood grown in a vat from shrimp cells), Carbon Chain (the London maker of an app for tracking your carbon footprint), Fable Foods (an Australian firm that makes a "meaty" product from shiitake mushrooms), Noya (a San Francisco startup developing technology to turn cooling towers into "CO2 capture machines) and Twelve (also San Francisco), which has used electrolysis to turn CO2 into prototype jet fuel and other products.

The new Aera fund expects to make up to 30 new seed investments over the next two years and will also contribute to follow-on rounds.

"The entire world needs to be rebuilt and decarbonised," says Handley, who has been investing in environmental and social-impact ventures since serving as the Founding CEO of Richard Branson's B Team sustainability collective in 2013.

"At Aera, our long-term vision is about investing across the sustainability spectrum, by backing breakthrough technologies that reverse climate change, whether they spawn from blockchain innovations or through scientific discoveries.

"Every industry needs to be reimagined, from finance, food and fashion, through to chemicals, cement and construction. And we are backing the very best founders hell-bent on making this happen."

Eliminating emissions - and creating profit

Today, it's become de rigueur for major fund managers like Black Rock to launch green funds.



Photo by [Paula Prekopova](#) on [Unsplash](#)

But when Aera was founded half a decade ago, "We were one of the very few as an early stage venture fund focussed on climate and sustainability and the only one doing global deals," Handley says.

"For a long time, people thought, 'You can't make money and solve these problems at the same time. And our very first investment [Solugen], which we invested in when it was a two-person startup, is now valued at around \$2 billion."

Even now, he says many have trouble wrapping their heads around what needs to be done.

"The industrial companies that have dominated the past 100 years are all going to be challenged," he says. "Whether its Dow or any of the food companies, they will all be challenged by people creating \$10b, \$50b or \$100b companies by change the way the world is built."

Handley adds, And the beginning, people might write them off. How can you make concrete cheaper, faster, and with less, removing CO2 from the atmosphere instead of creating CO2?

"People think these things are not possible, but they are. And we can find those founders and those the founders we want to back."

Doing a DAO

Aera is also jumping on the "Web 3" bandwagon. today launching an investment DAO (pronounced "dow" and short for Distributed Autonomous Organisation) called Aera Force, with 2000 Ethereum (worth approximately \$US6n) "earmarked specifically for pre-seed projects harnessing the power of blockchain to conquer climate and carbon-related challenges."



Investing

To Invest, an investor must mint an Investment Ticket NFT. Each ticket represents a 10ETH investment. Once minted, a smart contract will hold your funds until a KYC process can be completed.

Holding Investment Ticket NFTs gives you voting rights in the DAO and unlocks your share of the fund's profit proportional to ETH you've invested. Holders of 5, 10, or 20 Tickets gives you access to additional rewards. Every Investment Ticket is also a unique piece designed for Aera Force by artist Kenneth Alexander.

About The Art

Born in Memphis Tennessee, Kenneth Alexander has a passion for fusing traditional, and digital art styles to create a new vision. With his love for creating music and having synesthesia, he wanted a healthy merger between what he created artistically and sonically. His work has been featured by The Brooks Museum, The Smithsonian's "Art of Video Games", Art Basel, and more.



Picture sourced from [Aera Force](#)



While the computer-intensive task of "mining" cryptocurrencies has been slammed by environmental advocates, Handley points out that Ethereum is shifting from the mining or "proof-of-work" to a much less resource-intensive "proof-of-stake" system.

Handley says there are similarities with Orange DAO, a crypto collective created by Y Combinator alumni that is backing Web 3 startups.

In keeping with the zeitgeist, investor contributions are made through minted 10ETH investment tickets represented as NFTs designed by artist Kenneth Alexander.

"The DAO concept that's emerged over the past few years is basically a new way of organising people and resources on the on through crypto," Handley says.

"At one end of the spectrum, it's totally decentralised, where every participant co-creates all the rules of how something works, whether it's a new protocol, or a new kind of organisation," Handley explains.

"And on the other end, it's more of like a hybrid where you might have some central organisation, and then there's a whole community that comes in that can participate and vote on particular ideas or decisions.

"So the DAO is an emerging way of forming resources and marshalling people.

"What we're doing is we're creating a Dow focused on investing in climate-related projects that are being developed on blockchain."