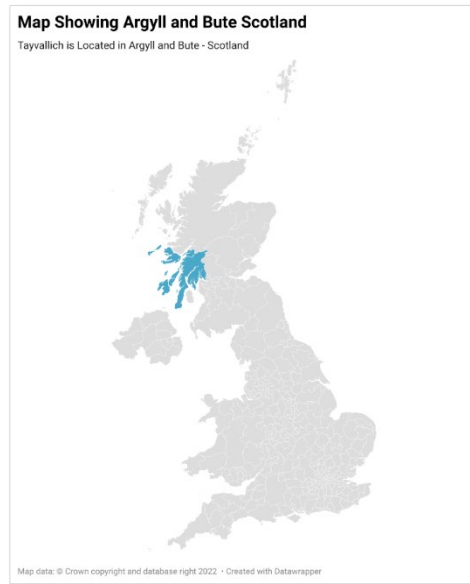


Rewilding deal: factsheet

Deal Information	
Deal closed	May 2023
Sector	Natural Capital
Location	Tayvallich, Argyll, Scotland
Counterparty	Highlands Rewilding Limited ('HRL') ⁱ
UKIB Finance	£12m
Product	Senior debt (Bridge Loan)



Summary

UK Infrastructure Bank committed £12m via a bridging loan to support Highlands Rewilding Limited (HRL) to acquire Tayvallich Estate, a 1,300-hectare estate in Scotland. UKIB's involvement is expected to help HRL build its natural capital data and research platform, which will contribute to nature restoration and biodiversity improvements. HRL's plans for the Tayvallich Estate include the restoration of temperate rainforest and peatland, the creation of sea kelp beds, and a move to regenerative agriculture, all of which can be anticipated to yield improvements in natural capital assets – including nature-based greenhouse gas (GHG) removals. The data and learnings from the project are expected to contribute to high-integrity natural capital market development, including informing policy-setting, and increased understanding of the restoration of ecosystems across the UK. This is the Bank's first investment in the natural capital sector and its first deal exclusively in Scotland.

Sector context

In its Strategic Steer to the Bank, HM Treasury noted the significant scope for nature-based solutions to contribute to UKIB's objectives of tackling climate change and supporting regional and local economic growth. The Treasury encouraged the Bank to explore early opportunities in this area, with a view to having a positive impact on the development of the natural capital market. UKIB recognised the importance of natural capital in its first Strategic Plan and identified initial areas for investment, whilst acknowledging the market for such projects is still developing.

Impact and Additionality

The development of nascent natural capital markets requires the demonstration of novel mechanisms for monetising the benefits of natural capital investment. The Dasgupta Review outlines how, when left outside of the real economy, the value of nature to society and livelihoods is not valued or invested in, as seen in evidence on decline in biodiversity.

Our investment enabled HRL to secure Tayvallich Estate and move to further rounds of financing with potential investors, with a view to developing new models for attracting private investment into emerging biodiversity and carbon markets. Acquiring the Estate will allow HRL to conduct baselining and data gathering as a first step to managing the land better from a natural capital perspective. The project also has the potential to bring benefits for regional and local economic growth through eco-tourism and other joint community ventures.

ESRG considerations

The project aligned with our emerging ESRG frameworkⁱⁱ. The project is strong on environmental risk management, supported by a significant academic and analytical backing, with opportunities to develop new environmental data and monitoring services. HRL has committed both to increasing community involvement in the governance of the estate and for its carbon or biodiversity credits not to displace companies' actions to decarbonise or avoid biodiversity loss.

Impact Metrics

1	# Deals in the Natural Capital sector
£12m	Total Investment in Sector
5	Direct Jobs (Created and Safeguarded)

ⁱ Highlands Rewilding Ltd, The Old School House, Bunloit Estate, Drumnadrochit, Inverness-Shire, Scotland, IV63 6XG

ⁱⁱ UKIB developed its approach to ESRG over time, establishing a robust framework which is used to assess all current deals. Before this framework was finalised, a rigorous qualitative assessment based on the Equator Principles was carried out on all investments.