

# Global Thoughts

## Mitigation banking acquisition

*A pathway to restoring and protecting our natural habitats*

*By: **Richard Haight**, Head of Global Timberland Transactions*

Mitigation banking provides an investment opportunity to gain exposure to nature repair and environmental markets. Mitigation banking is a market-based system of debits and credits designed to balance unavoidable impacts of economic development with ecological restoration. Mitigation credits are needed when developers impact streams, wetlands, or habitats. These impacts must be offset based on rules stemming from federal environmental policy, like the 1972 Clean Water Act.

Mitigation credits are generated when stream, wetland, or habitat areas are restored and permanently protected. Revenue is generated through the sale of these credits to the developers. Credit releases are performance-based and must be generated in the same geography as the area impacted by the development. The geographies are defined by the Army Corps of Engineers, who also act as a regulator of the credit sales.

A recent NNC transaction has seen mitigation banks in 10+ sites across several states from Florida to Michigan acquired. In addition to finalizing the initial deal, NNC has since entered into an agreement to acquire additional assets in a bolt-on opportunity. The assets are in Kentucky and will be developed to recharge available bank credits in that region.

Coastal wetland restoration example — Before



After



## Nature positive farming

*Delivering impact through regenerative agricultural practices*

By **James Little**, Asset Manager, Poland

*With the aim of future proofing its farms in Poland, NNC has launched Nature Positive Farming. The initiative focuses on prioritizing positive outcomes for nature, climate and people through the implementation of nature positive farming practices across our agricultural assets. The first pilot farm was signed up in June 2023 and the initiative will be implemented and monitored over the course of 2024 and 2025. We plan to expand the initiative across our European farmland portfolio.*

James Little and partner tenant sign the Nature Positive Farming contract.



With ongoing uncertainty in the soft commodity markets, input costs at historically elevated levels and continued pressure on farmers to operate in a more sustainable manner, NNC developed an initiative to help farmers make their farming businesses more resilient in the face of uncertain times and environmental pressures.

Nature Positive Farming is based on the implementation of a range of actions, in return for which the tenants are provided with a longer-term lease contract with a fixed rent profile. The longer-term lease contract allows the tenants time to implement the actions which will ultimately benefit their farming business by reducing costs and making their farming operations more resilient to market and environmental changes, whilst the fixed rent profile allows the tenants to improve forward planning of farm cash flows during a period of high inflation. The initiative is based on four elements in which the following objectives were established:

### Improve soil health

- Protect & restore soil health
- Build organic matter
- Improve overall soil life – biological, chemical, physical
- Increase water retention capacity
- Make soil resilient to climate change – drought/flooding

### Prevent pollution of water

- Reduce over application of fertiliser
- Prevent fertiliser run off entering surface water
- Reduce on farm water use
- Recycle nutrients

### Reduce greenhouse gas emissions

- Measure existing greenhouse gas emissions
- Implement greenhouse gas emissions reduction strategy
- Reduce greenhouse gas emissions over a 10-year period

### Enhance biodiversity

- Enhance existing farm biodiversity
- Manage biodiversity to the benefit of the land and the farmer

The actions to be implemented by the tenants will be adjusted to suit the specifics of each farm, with a focus on items such as crop rotation, cover crops, reduced tillage, variable rate fertiliser applications, incorporation of crop residues and integration of livestock where appropriate. Through the use of the Cool Farm Tool, greenhouse gas emissions will be monitored and a reduction strategy put in place incorporating the changes in the way the farm will be managed. On the biodiversity front, a baseline assessment will be carried out and a biodiversity enhancement action plan developed and implemented, with input from both the tenant and landlord. The actions to be implemented by the tenant are set out in a farm plan attached to the lease contract. The actions, once implemented, will be audited annually by an external company, with certification granted when all actions have been implemented.

Through Nature Positive Farming Nuveen Natural Capital is seeking to work with its tenants in order to future proof their farming businesses, whilst at the same time enhancing the resilience of their farming operations and that of the farmland under the stewardship of NNC.

## ***Nature positive farming awarded innovation of the year!***

Nuveen Natural Capital is honored that our **Nature Positive Farming Initiative** has been recognized as *Innovation of the Year* by *Environmental Finance's 2023 Impact Awards!* James Little spoke to EF about this important initiative, [read the interview here](#).



## “ME Farms” agronomic pilot

*Improving crop yields through microbial enhancements*

By: **Angus Muggleton**, Regional Asset Manager, Australia  
**Matt Groth**, Senior Portfolio Analyst

*In October of 2022, Nuveen Natural Capital acquired the “ME Farms” orchard in the Bundaberg region of Queensland, Australia, marking the first acquisition of macadamia tree nuts globally. Macadamias are native to the coastal regions of northeast Australia where the commercial industry started in the 1960s.*

“ME Farms” management applies an agronomic program that uses a range of probiotic and biostimulants for soil and tree health. A group trial conducted over several years found probiotic treatments to have increased microbial biomass and changed the fungal to bacterial ratio, stimulating positive fungal and microbial activity in the soil. Either program using probiotics alone or in combination with biostimulants was found to improve crop yield. Combining probiotics with biostimulants also improved kernel recovery.

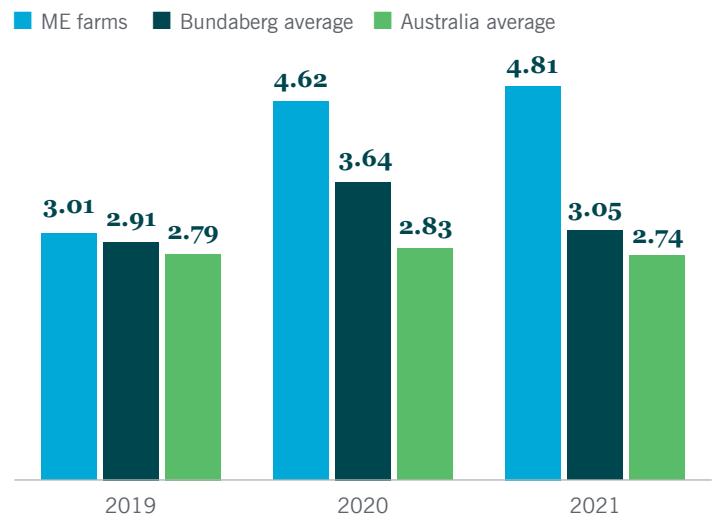
“ME Farms” agronomist Tim O’Dea, from Ag Plus Consultancy, comments that by achieving the principles of a nutrient balanced soil with high organic matter and extra levels of biology “results in improved soil health, crop health, increased root activity, improved resilience to adverse weather conditions, outcompeting disease and

ultimately, more efficient utilisations of nutrients from the soil. These factors all constitute to produce quality with the crop reaching its genetic potential”.

The farm also makes compost by recycling orchard by-products — offcuts, trimmings and nut husks — and combining them with manure from a local cattle feedlot and other local waste organic material. The microbial enhancement combined with compost applications have allowed the farm to increase yields from 10kg of nuts per tree in 2019 to 14kg per tree in 2023 – which is well above district averages [as shown in the benchmarking results below].

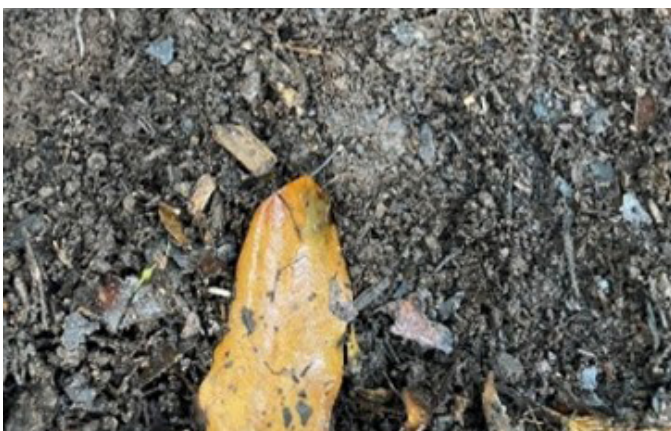
### Benchmark Yields (tonnes per hectare)

*Average yields vs. industry benchmark*



Sources: Nuveen Natural Capital; Agri Plus

#### Improved soil health



## Nuveen Natural Capital welcomes Nick Moss, Head of Nature Based Solutions

By: *Skye Macpherson, Head of Global Asset Management*



*Nick Moss recently joined Nuveen Natural Capital as the Head of Nature Based Solutions and will be responsible for driving NNC's nature-based solutions investment strategy across farmland, forestry and ecological restoration.*

With an international upbringing spurring his passion for nature and natural resources, Nick brings over 15 years' experience in leading investment and technical advisory services across forestry, agriculture, and climate finance.

Before this role, he was the Managing Director of a fund, which is an initiative of Rabobank and UNEP, aiming to mobilise public and private investment in forest conservation and sustainable agriculture. He has also held roles in leading impact investor Mirova Natural Capital, and consulting firms PwC and Adam Smith International.

Nick brings a breadth of global experience having led diverse teams, in the delivery of complex funds and advisory assignments across Europe, Latam, Africa and Asia-Pacific – spending significant time in region. Having worked with some of the largest corporates, governments, DFIs, NGOs, and investors he is passionate about developing new relationships and partnerships to bring capacity and finance to address global climate and biodiversity challenges.

Martin Davies, Global Head of Nuveen Natural Capital, said: “We believe that Nick’s breadth of experience, management ability, leadership skills, and strength of relationships, as well as technical background, will be important in taking forward our Nature Based Solutions strategy.”

Nick holds an MBA from Imperial College London, an MSc from Oxford University in Environmental Policy and a BSc from York University in Environment, Economics and Ecology.

Nick lives in South East London with his partner Sarah (and dog Harrison), and enjoys travelling, outdoor pursuits, endurance sports, cooking and a good book!

“ *We believe that Nick’s breadth of experience, management ability, leadership skills, and strength of relationships, as well as technical background, will be important in taking forward our Nature Based Solutions strategy.*”

– **Martin Davies,**  
*Global Head of Nuveen Natural Capital*





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**For more information, please visit [nuveen.com/naturalcapital](https://nuveen.com/naturalcapital)**

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Nuveen provides investment advisory solutions through its investment specialists. Nuveen Natural Capital, LLC is a global agricultural and timberland asset manager; the RIA for the agriculture and timberland investment vehicles is Nuveen Alternatives Advisors LLC.

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