



Forestry Asset Profile

1. Context

Crown Estate Scotland manages property – including buildings, land, coastline and seabed – on behalf of the Scottish people.

We work in a way that:

- Generates prosperity and value for all of Scotland;
- Supports the growth of sustainable business and industry in Scottish seas and on the coast;
- Makes places better for those who live, work and visit there;
- Promotes sustainable ways of producing energy, food, and other products; and
- Creates opportunities for people to use and benefit from the Scottish Crown Estate.

The Scottish Crown Estate Act 2019 requires us to manage the assets in a way that is likely to contribute to the promotion of improvement of economic development, regeneration, social wellbeing and environmental wellbeing. To do this, we need to understand the wider value delivered by the assets and our management activities.



Asset profiles have been developed for the Estate's 21 asset classes. The profiles include information on financial returns, the public benefits delivered through our management activities, and our view of the opportunities for wider value creation.

The analysis has been undertaken in-house, using qualitative assessment and expert judgment.

2. Asset summary

Crown Estate Scotland directly manages approximately 5,000 hectares (12,000 acres) of commercial plantation forestry over four rural estates, mostly in Glenlivet. With typical commercial plantings taking 40 to 70 years to mature, we take a long-term view and engage with various stakeholders and partners such as local communities, Cairngorms National Park Authority and Scottish Forestry to promote multi-purpose forest management.

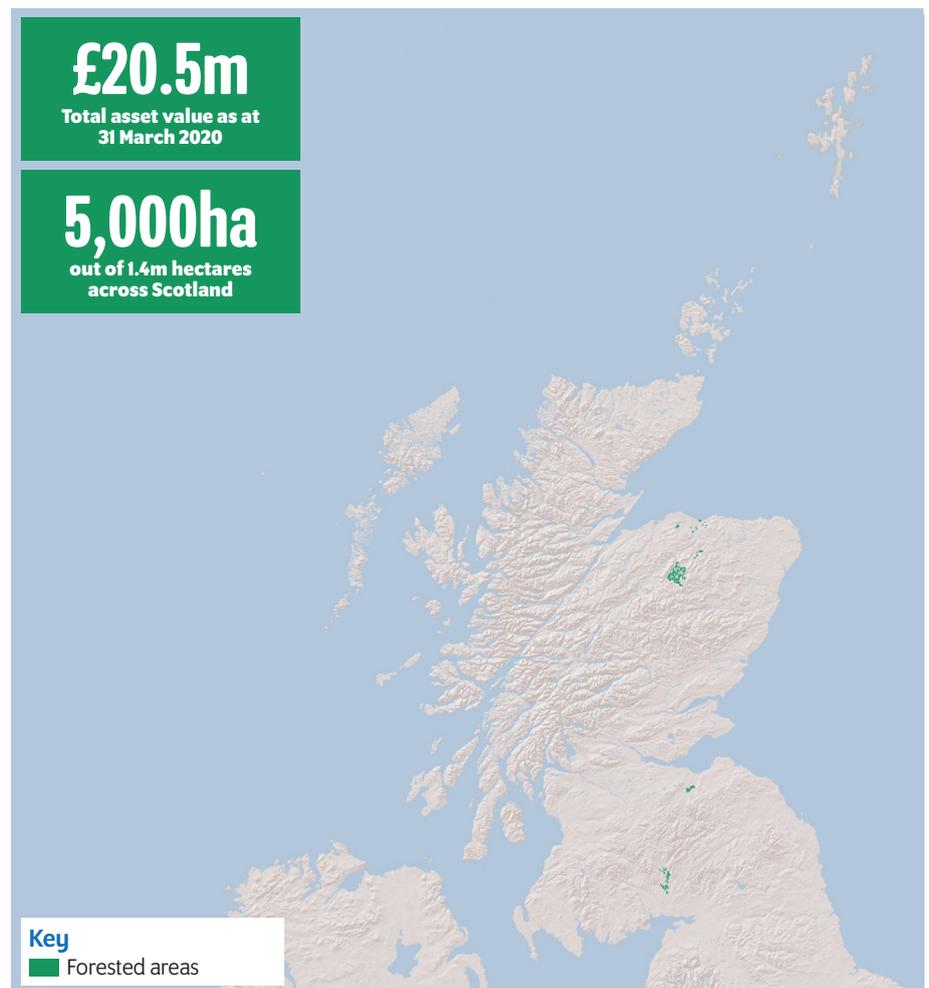
Asset information

No of agreements	7
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Financial information

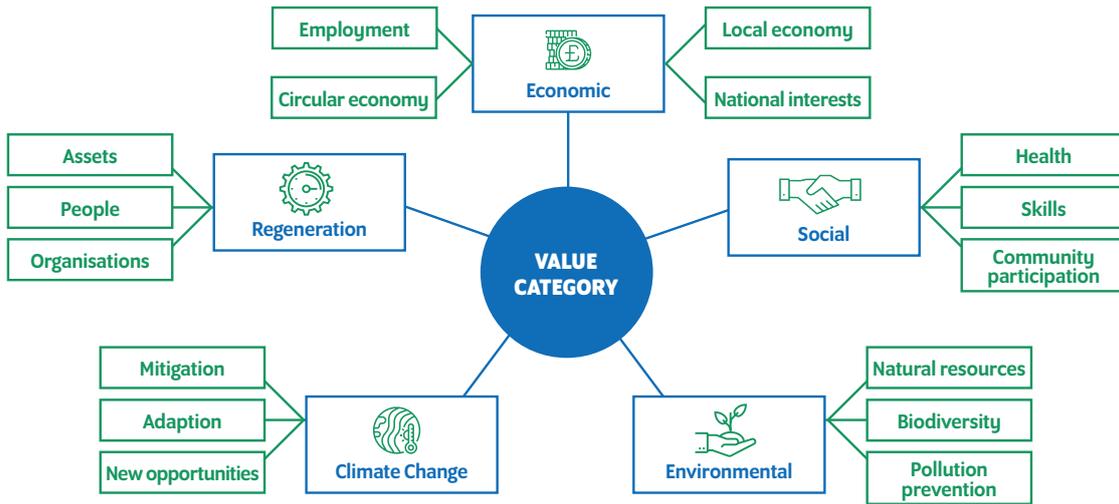
Value (March 2020)	£20.5m
Value share (% of total Estate value, March 2020)	4.8
Yield (net revenue + valuation change, 2018/19-2019/20)	10.7
Contribution (% of Crown Estate Scotland net revenue, 2019/20)	4

Forestry asset map



Map is correct as of November 2020. An up to date map is available on our website:
<https://www.crownestatescotland.com/what-we-do/map>

3. Understanding Value



Five value categories have been identified:

- Economic;
- Social;
- Environmental;
- Climate Change; and
- Regeneration.

Each value category has a set of three or four indicators. The indicators are relevant for all Scottish Crown Estate asset classes and also align with Scotland’s National Performance Framework and the UN Sustainable Development Goals.

Measures of success

Economic

- Employment** – jobs created or safeguarded
- Local economy** – local businesses are active in the supply chain and provide local employment
- National interests** – benefiting Scotland’s national economy / showing leadership
- Circular economy** – increasing efficiency / reducing waste in processes and products

Social

- Health** – reflects / promotes good health at local or national level
- Skills** – stakeholders gain valuable skills
- Community participation** – community is an active stakeholder and participant

Environmental

- Natural resources** – resources used / maintained in a sustainable way
- Biodiversity** – biodiversity is protected/strengthened
- Pollution prevention** – pollution is decreased / not increased

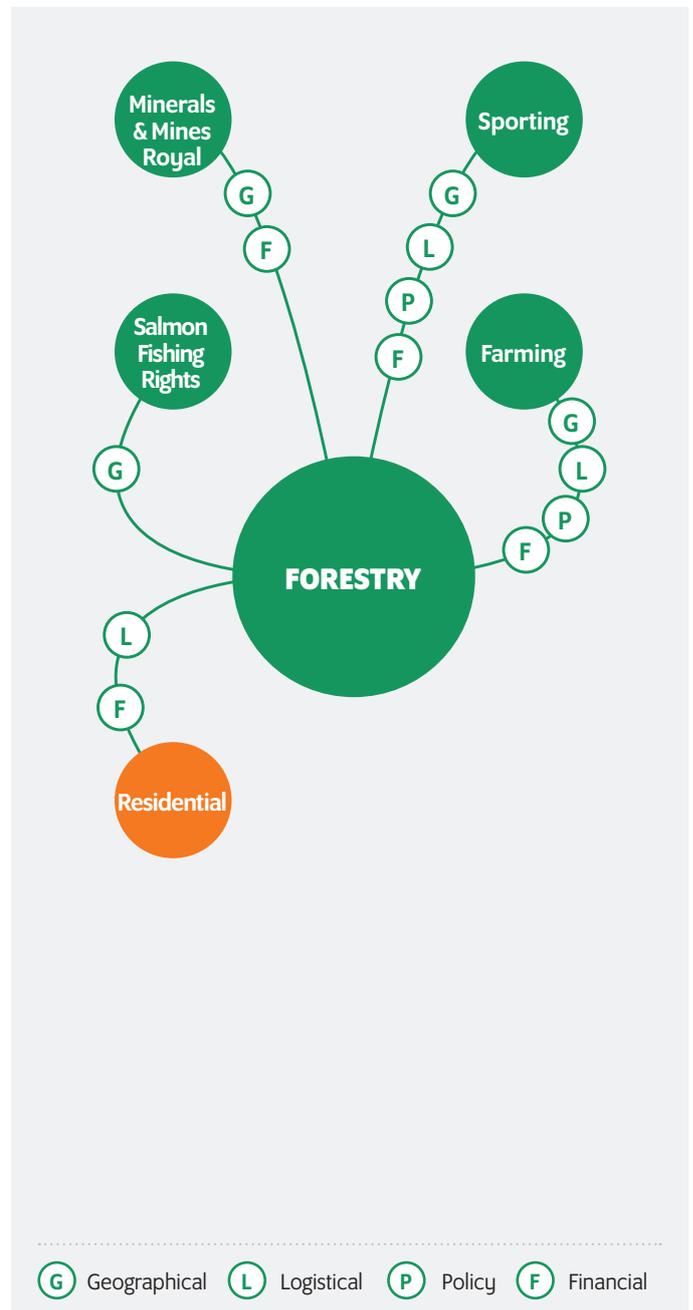
Climate change

- Mitigation** – low or zero emissions
- Adaptation** – actions increase resilience / reduce risk
- New opportunities** – new, low or net zero emissions activities/ businesses/products pursued

Regeneration

- Assets** – positive impacts on associated assets
- People** – people are enabled or empowered
- Organisations** – activities involve collaboration with other organisations

Connected assets

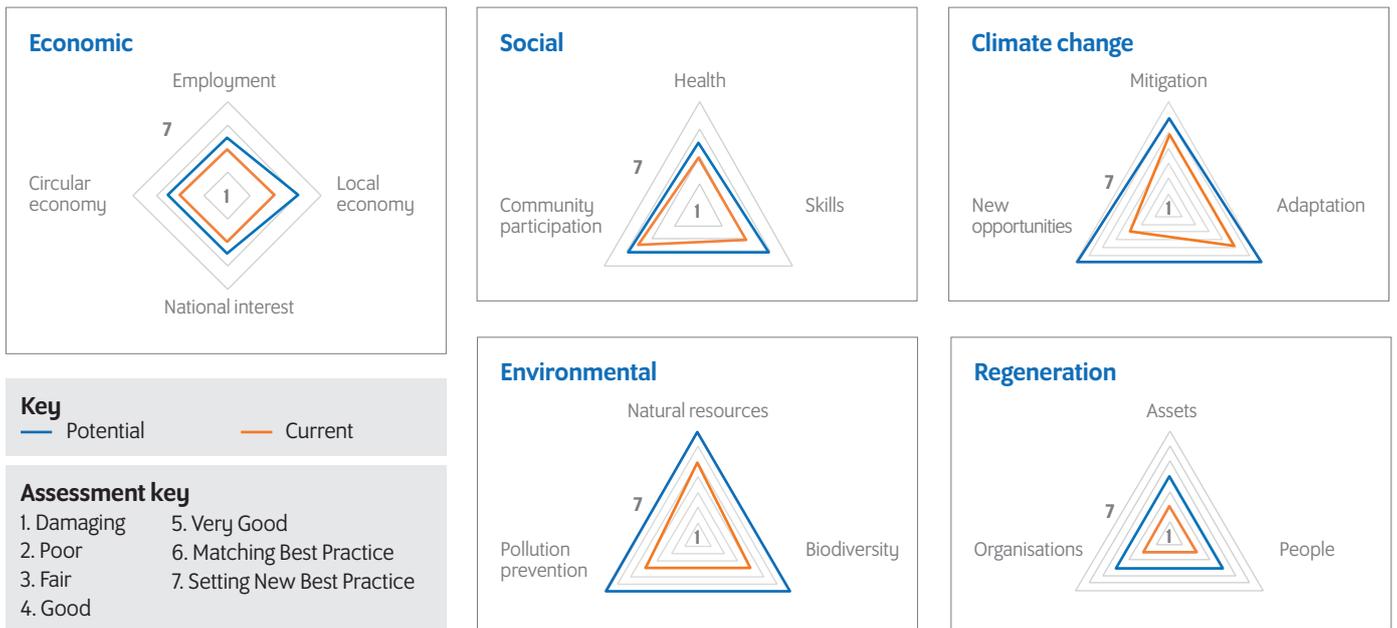


4. Potential for Wider Value

The diagrams below demonstrate the wider value currently generated by the asset class as a whole and indicate where we consider there is potential to deliver increased wider value. This is influenced by a range of factors including the inherent value of the assets, tenant activity, regulator activity and other external factors. For forestry, key areas identified with potential for increased wider value include:

- **Environment and Climate Change** – forestry offers significant potential to deliver multiple benefits including increased biodiversity and carbon sequestration. This potential can be achieved most significantly through new woodland creation. Existing conifer plantations can be diversified in terms of age and species to support increased biodiversity. Timescales to realise these benefits are likely to be long-term, possibly up to 50 years.

Opportunities	Threats
<ul style="list-style-type: none"> • Acting as a medium term carbon sink; • Locking carbon into soil; • Increased employment through value chain; • Increased building with timber (glulam etc.) for low carbon housing; • Supporting biodiversity; • Reducing run-off; • Recreation and wellbeing; and • Restoration of vacant and derelict land. 	<ul style="list-style-type: none"> • Climate change and high winds damage trees, reducing financial and mitigation value; • Arboreal disease spread; • Availability of land for woodland creation; and • Poor planting regimes fail to mitigate anticipated carbon / or produce quality timber.



This full value potential is indicated by the blue line. The actual average performance of the assets as currently managed is shown by the orange line. The opportunity for delivering enhanced value is the stretch between the orange line and the blue line.

Where potential and actual performance are the same the orange line will hide the blue line beneath it. No weighting has been applied to any indicator.

5. Benefits delivered by Crown Estate Scotland

Our latest Corporate Plan sets out our four roles:

Investor

Investing in, for example, property development, as well as building external partnerships and supporting staff.

Asset Manager

Careful management of leases and agreements, as well as direct management of forestry and mountain bike trails.

Co-ordinator

Supporting other Scottish Crown Estate managers by, for example, coordinating spatial information.

Enabler

Empowering others by supporting local plans and projects, providing access to property and helping address barriers to sector growth.

For forestry, some examples of our activities include:

Asset Manager

- Development of skills through work with Barony College and forestry intern role;
- Encouraging physical activity through provision of waymarked trails and leaflets promotes good health;
- Educational visits for school and university groups; and
- Forestry operations carried out sustainably in accordance with the UK Woodland Assurance Standard.

The table below presents our assessment of the significance of benefits that we currently deliver through these four roles. Over time, we expect the significance of benefits to increase as considerations regarding wider value are embedded into decision making.

FORESTRY	Investor	Asset manager	Enabler	Coordinator
Economic				
Employment	Low	Low	Inactive	Inactive
Local economy	Low	Low	Inactive	Inactive
National interests	Low	Low	Inactive	Inactive
Circular economy	Low	Low	Inactive	Inactive
Social				
Health	Low	Medium	Inactive	Inactive
Skills	Low	Medium	Inactive	Inactive
Community participation	Low	Low	Inactive	Inactive
Environmental				
Natural resources	Low	Medium	Inactive	Inactive
Biodiversity	Low	Low	Inactive	Inactive
Pollution prevention	Low	Low	Inactive	Inactive
Climate change				
Mitigation	Low	Low	Inactive	Inactive
Adaptation	Low	Low	Inactive	Inactive
New opportunities	Low	Low	Inactive	Inactive
Regeneration				
Assets	Low	Low	Inactive	Inactive
People	Low	Low	Inactive	Inactive
Organisations	Low	Low	Inactive	Inactive

Key

- Inactive
- Low
- Medium
- High

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