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Act quickly to secure discounted farm lending rates

Welcome to the Summer 2011 edition of *Down To Earth*. While I wouldn't normally devote some of my introductory article to promoting AMC's loan rates, I make no apology for doing so in this issue. This is because AMC can currently offer borrowers a discount of 0.8% off the normal loan margin for loans up to 10 years for certain eligible projects, through our access to a £250 million fund which has been provided by the European Investment Bank (EIB).

These funds have been made available by the EIB to stimulate investment and job creation in small and medium-sized businesses, including farming. Our access to this fund allows us to offer discounts on loans for a wide range of farm and diversification projects – see panel.

With the long-term future of farming looking promising because of an increasing demand to produce food for a growing population, this funding offers a real financial boost at an important time for investment for many farm businesses. Coinciding with interest rates already being at an historic low, I see it as an important way to help farmers strengthen their businesses for the long term.

We appreciate that volatile prices are currently creating short-term challenges in sectors and that this could lead to some inertia with regard to investment planning. Upcoming reform of the Common Agricultural Policy may also lead to a reduction in Single Farm Payment (SFP) income from 2014. It is vital, therefore, that farms develop plans to improve farm efficiency and profitability with the long-term view in mind.

I am impressed by the attitude of both the farmers featured in this issue of *Down To Earth*. They run their businesses with a clear vision for the future. David Rawlings needed



Jonathan Allright
Head of The Agricultural Mortgage Corporation plc

to find an additional income stream for his farm in order to help develop it and his home. He has been able to achieve his aim by selling off outlying land and obtaining AMC funding to develop buildings into holiday lets. Henry Lewis has a clear long-term vision for his farm and his family. He has made a substantial investment and hopes to make his business sustainable for himself and his family over the next 30 years.

Your future farm plans could include improved management, new technologies or expansion – and ongoing investment in the business is likely to be a key factor. Given the current low base rates and our current offer on discounted loans, if you are thinking about undertaking projects on your farm, you should consider bringing your plans forward to benefit as much as possible from the relatively low current cost of borrowing. However, the total fund pot is limited and we have already seen a high level of interest, so if you have an eligible project (see panel) in mind then I would encourage you to contact AMC or your local AMC Agent as soon as possible.

We can help...

For more information about our discounted loans and other lending options available from AMC please call our New Business Team on **01264 334747**.

The details:

Term

Discounted rate applies for first ten years of a standard AMC loan (Flexible Facility not included) for eligible lending purposes.

Loan amount

Minimum £25,500, maximum €12.5 million – currently approximately £11 million (subject to exchange rate)

Discounted rate

0.80% below AMC normal pricing for the first 10 years

Rate type

Rate linked to Bank of England bank (base) rate or fixed interest rate

Repayment options

Interest-only or repayment

Example lending purposes

The following are examples of loan purposes that will qualify for the discounted rates. The range of loan purposes is wider than the examples shown so please check with AMC or your local AMC Agent.

● Buildings

General purpose sheds, hay and straw storage, livestock housing, grain stores, potato stores, chicken sheds, milking parlours.

● Farm equipment

Grain drying facilities, robotic milking equipment, milking parlour equipment, chicken shed equipment, vegetable processing lines, milk processing equipment.

● Farm vehicles

Tractors, combines, potato harvesters, wagons and lorries.

● Renewable energy

Photovoltaic panels, wind turbines, water turbines, anaerobic digesters.

● Storage

Water and irrigation reservoirs, slurry stores.

● General and business diversification

Opening or expansion of a farm shop, orchard establishment, purchase of dairy cows, purchase of wholesale business (max €1 million), field drainage, research and development.

What is not eligible for the EIB discount:

Refinancing, whole farm purchase and land purchase.

AMC team expands in Scotland reflecting strong demand for long-term lending

Following unprecedented demand from Scottish farmers looking for long-term sources of borrowing for land, farm and investment projects, AMC has



expanded its team in Scotland. **John O'Meara** has been appointed as Regional Agricultural Manager for West and Central Scotland and joins existing AMC Scottish team members Dugald Hamilton and Nigel Parmenter.

John studied at the Royal Agricultural College and started his career with AMC in 1989. He has been Regional Agricultural Manager in the South West of England since 2004.

"Since 2008 AMC's lending in Scotland has

grown very rapidly and it is now time for us to invest in the region again so that we can continue to provide our customers and Agents the service and support they deserve," said John.

"The outlook for Scottish farming is very positive with most sectors showing significant increases in income. This together with the opportunities to diversify into alternative energy and other schemes makes for an optimistic outlook for farming," he added. He suggested that with land still being very much in demand it continues to be a sensible investment or a good time to sell up for those considering retirement. "Land prices have been pushed to an all-time high because there is simply a lack of open market supply. However, private sales have continued, and AMC has been involved in funding many of these."

Jon Drew and John O'Meara will be working closely with existing AMC customers and developing new business. They will be able to discuss any investment proposals or projects that you may have in mind, usually on your farm. They will also support the AMC Agents across their regions.

New AMC face in the South of England

A manager with many years of experience in financing agricultural and rural lending propositions has joined AMC in the Central South of England.

Jon Drew, a former student at Seale Hayne Agricultural College, first joined AMC in 1991. He moved to Lloyds TSB in 2005 to become an Agricultural Business Manager in the Thames Valley. He takes up the post of AMC's Regional Agricultural Manager covering Wiltshire, Hampshire, Isle of Wight, Oxfordshire, Buckinghamshire, Bedfordshire and Northamptonshire.



On-line tool helps calculate monthly mortgage payments

If you are considering investing in your farm through a loan from AMC, you can calculate the likely monthly payments on our website – www.amconline.co.uk. All you need to do is enter the value of the property you will use as security, the value of the loan you require and the term you want the loan over. The mortgage calculator gives you indicative monthly costs on both capital and interest terms and interest-only terms.

Useful topics

You'll also find some useful pages on Nitrate Vulnerable Zones including planning and calculation tools, Defra publications and finance options for NVZ projects. The website also has information on borrowing from AMC, contact details for our Agents, frequently asked questions about AMC, previous copies of our newsletters and customer testimonials.



Visit www.amconline.co.uk for more information.

A specialist farm, land and property website

www.uklandandfarms.co.uk is a farm, land and rural property website owned and operated by AMC. It currently features about 1,600 farms and country properties for sale totalling almost 110,000 acres. The site features properties with three or more acres, as well as land and woodland parcels and rural, horticultural and equine businesses for sale throughout the UK.

The user-friendly site allows visitors to search the full range of properties by

location, size, price and market status. Visitors can register their specific search requirements and receive email alerts when properties matching those criteria are posted on the site by around 200 property agents across the UK.

For more information go to www.uklandandfarms.co.uk

Photo by kind permission of Brown & Co. For more information on the property visit www.uklandandfarms.co.uk or call Ed Blundy, Brown & Co King's Lynn on 01553 770771.



A residential farm of 300 acres in Lincolnshire, is one of the properties listed on www.uklandandfarms.co.uk



A flexible approach to cashflow

Volatile or rising input costs and the subsequent pressure this could put on cashflow will become more of an issue on farms over the coming years. Well-planned finance will help smooth out cashflow by giving the business capital at all times to pay bills, but it will also help to make the most of favourable purchase deals or transactions. While AMC is well-known for its long-term lending, we also provide a short-term facility that is proving popular for helping farm business cashflow and project funding.

Many arable farms will be getting pressure on cashflows at this time of year just prior to harvest. They may be finding it difficult to pay for inputs or not be in a strong cash position

to buy inputs as cost effectively as possible. Similarly, there are certain times of year when livestock farmers will struggle for cash while waiting to sell livestock, putting them in

the same weaker position when it comes to buying inputs forward.

An overdraft is one of the simplest ways to provide a business with cash when it needs it, but it might not always be the best option. Overdrafts can sometimes be an expensive way of borrowing or funding the farm business and may be subject to margin increases at bank reviews. We are seeing many farming businesses making use of AMC's Flexible Facility to give them the peace of mind that there will always be cash to cover bills, but without concerns that the bank might change or withdraw an overdraft facility.



Assistance for livestock enterprises

John O' Meara, AMC Regional Agricultural Manager for West and Central Scotland says that in the predominantly livestock farming areas, the AMC Flexible Facility is most popular with farmers who are taking on sizeable projects that require a significant amount of capital investment, such as redeveloping existing farm facilities or erecting new buildings.

The Flexible Facility offers the chance to draw money down over a longer period and gives

complete control over when and how much to draw down. Once the project or building works have been completed there is the option to convert the loan into a standard mortgage facility on either a fixed or variable rate basis.

AMC customers also use the Flexible Facility as a more convenient alternative to a typical bank overdraft. We have seen customers using the Flexible Facility to repay their existing overdraft and put their bank account back into credit. In doing so, our customers are able to avoid annual bank overdraft renewal charges

and replace a callable overdraft facility with a loan that is non-callable (providing they meet all obligations to AMC) which gives added peace of mind.

The Flexible Facility is also gaining popularity with customers looking for a cost effective and easy to manage method of covering input costs. In particular, we are seeing an increasing number of businesses using their Flexible Facility to cover rising fertiliser and fuel costs. As an example, in the dairy case study in this issue of *Down To Earth*, the business uses a Flexible Facility for the day-to-day costs of running the business – to pay bills and buy new cows.



John O'Meara
Regional Agricultural
Manager, West and
Central Scotland

Flexible finance for arable farmers

The Flexible Facility is used by arable growers for four main purposes, says Sue Allington, AMC Regional Agricultural Manager for East Anglia.

1. To enable growers to buy inputs when prices move in their favour, particularly in the months when cashflow is short. The account can then be repaid from harvest receipts or Single Farm Payment income.
2. To pay for long-term crop storage. This enables growers to hold on to their crops after harvest and to sell when the market peaks or reaches a level at which the grower can make a sustainable margin.
3. To fund machinery purchases. The Flexible Facility enables growers to access funds at short notice. This is beneficial if a broken piece of equipment needs to be replaced in a hurry. Growers may also be able to strike a better deal

when purchasing new kit by paying with cash instead of being reliant on negotiating a new hire purchase (HP) agreement.

4. Growers also use AMC's Flexible Facility instead of an overdraft as a source of working capital to maintain a positive cashflow. As with the livestock farmers mentioned overleaf, the facility's five-year agreement gives growers the ability to plan ahead from a firm financial position as they know exactly what their cashflow fees and margins will be for the period of the facility.



Sue Allington
Regional Agricultural
Manager, East
Anglia

What is the AMC short-term Flexible Facility?

The AMC Flexible Facility is a five-year loan which offers a variable rate of interest, interest-only payments and monthly instalments. A key advantage is that it has no annual review of interest rate margin.

Borrowers pay a setting-up fee for the secured facility and a competitive annual facility charge. This allows them to borrow to an agreed level at a pre-arranged interest rate for the five-year period of the facility.

The funds can then be used for any farm business purpose, as and when the business needs it. You do not have to draw down the whole facility at once, but can draw down money as you need it (a minimum of £5,000 applies) up to your facility limit. Interest is charged only on the amount drawn down.

You choose the payment level

Repayment amounts can also be tailored to suit the individual business needs and scheduled to suit cashflow during the year. You can set the monthly payment at a level you choose, clear the monthly interest or pay the minimum of £5 each month.

When cashflow allows you can make capital reductions (a minimum of £500 applies) when you want, without penalty. Even when capital has been repaid, and you find yourself in need of more funds, you can re-draw that money and borrow back up to the limit of the facility, without needing to reapply.

You can ask AMC to consider an extension of the facility term at any time – otherwise it has a term of five years.

Telephone transactions for easy access

The Flexible Facility can be accessed via written instructions or, once registered for telephone transactions, by telephoning your dedicated AMC Account Manager during office hours and asking us to make a transfer to your nominated bank account.

We can help...

A Flexible Facility gives you an alternative to your overdraft and the ability to pay bills with confidence so that the business can concentrate on growing for the future. For more information, please call us on **01264 334747** or contact your local AMC Agent.



Features of the AMC Flexible Facility

- Minimum loan amount £30,000 with no maximum
- Facility term of five years – you can ask AMC to consider an extension at any time
- Funds can be drawn down as and when needed (minimum draw down £5,000)
- Interest charged only on the amount of money drawn down
- Variable interest rate with a margin charged over AMC's base rate
- Repayments scheduled to suit your individual needs (minimum monthly repayment £5)
- One negotiable set-up fee (minimum £750) and a competitive annual facility charge of 0.5% of the agreed limit
- Loans secured against agricultural land, buildings and dwellings subject to a minimum loan to value (LTV) of 60% of the value of the security

Projects suitable for Flexible Facility funding

An AMC Flexible Facility can provide working capital for any agricultural or horticultural business purposes including:

- agricultural inputs (seed, fertiliser, sprays and fuel)
- buying farm machinery
- buying livestock
- developing or improving buildings
- paying for crop storage
- expanding your business
- repayment of your overdraft or restructuring finances
- offsetting any cashflow shortfall



The holiday cottages and wedding facilities at Priory Farm have been developed using an AMC Flexible Facility.

Flexible Facility provides solution for barn conversion funding

For David Rawlings of Priory Farm near Wetherby, an AMC Flexible Facility loan has proved to be the perfect solution to his farm's borrowing requirements, enabling him to convert a series of derelict farm buildings into a complex of seven high-quality holiday cottages.

David's family has farmed at Priory Farm since 1920. His grandfather rented it from Lord Hawk, then subsequently bought the farm, including the 12th century Syningthwaite Priory, in 1948.

Until two years ago, David was farming 700 acres (283 hectares) of arable land on a rotation of potatoes, wheat and oilseed rape. The farm also used to run 1,000 fattening pigs, but over the last 10 years some of the pig buildings have been converted into industrial storage units which are let to local businesses. More recently, the farm's acreage has been reduced to 500 acres

(202 hectares) after 200 acres (81 hectares) located five miles away from the farm were sold to help fund the development of a series of derelict buildings into holiday lets.

David currently lives in the farm's gate lodge but has plans to restore the priory into a new home. However, this will require significant investment and as such he needed to find a way of diversifying the farm business in order to generate additional income.

"We had a site that was ideal for development," David explained, "and set about drawing up plans to convert the derelict barns into a complex of high-quality holiday cottages with additional spa facilities."

David's initial plans for the site – which included the construction of a swimming pool for use by visiting holidaymakers – had to be scaled back due to the developing banking crisis. "We began the development at the height of the financial crisis in 2008," he outlined. "There was some doubt over whether or not we could borrow enough money to fulfil our plans, but Adrian Cawood, AMC's Regional Agricultural Manager in

Yorkshire, was extremely helpful and made some sensible suggestions for how we could fund the building works."

The swimming pool had to be taken out of the final plans, but this has turned out to be a blessing in disguise, with the space where the pool was due to be constructed now used for wedding marquees.

"We hadn't originally given any thought to hosting wedding receptions," David added, "but have already taken a lot of bookings for this year and next. We can cater for up to 160 guests in the barn and marquee, and rent out the holiday cottages to members of the wedding party."

The cottages have also performed well since they were finished in July 2009, with good ongoing occupancy rates.

"Our success is down to a number of factors," David said. "We are conveniently located close to some of the best tourist attractions in the area including the Yorkshire Dales, North York Moors and York city. We have created a peaceful holiday destination

amidst a mixture of ultra-modern amenities and historical architecture, some of which dates back to 1160.”

Funding and planning issues

The development of the new cottages hasn't been without its problems, the biggest of which was the discovery of 160 graves, which had to be excavated by professional archeologists, adding significantly to the time and cost of the project.

“Despite the delays we still managed to stay within our planned 12-month schedule and took our first cottage bookings in summer 2009,” David said. “A large part of this was due to the way we chose to fund the project. We originally approached our bank to see if they would be willing to support us, but their loan application process was overly complicated.

“We turned to AMC and Adrian Cawood who we have used over the past 20 years to fund the purchase of several parcels of land. We gave him a rough outline of our intentions and followed this up with a detailed business plan.

“Adrian subsequently suggested that we should sell 200 acres and use the proceeds to partly fund the project. We did some calculations and realised that the land had appreciated so much since we bought it that we could afford to sell it and still have a viable arable enterprise.”

AMC Flexible Facility

The remaining funds needed to convert the barns were provided by AMC in the form of a Flexible Facility. “We needed to borrow a substantial amount and wanted a loan that didn't over-burden the business,” David continued. “AMC offered us a loan which gave us the confidence that we wouldn't be over-stretching our finances.

“The Flexible Facility allows us to draw down funds as they are needed and gives us the flexibility to repay capital as and when we have spare funds available. The hospitality industry is similar to farming in that income is seasonal and fluctuates throughout the year. The Flexible Facility doesn't come with the usual bank loan restrictions and helps us to manage our cashflow more effectively.”

Priory Farm – enterprises:

- 500 acres (202 hectares) arable: potatoes, wheat and oilseed rape
- 7 holiday cottages
- Wedding reception facilities for up to 160 guests
- Industrial storage units with office space

For more information visit
www.priorycottages.co.uk

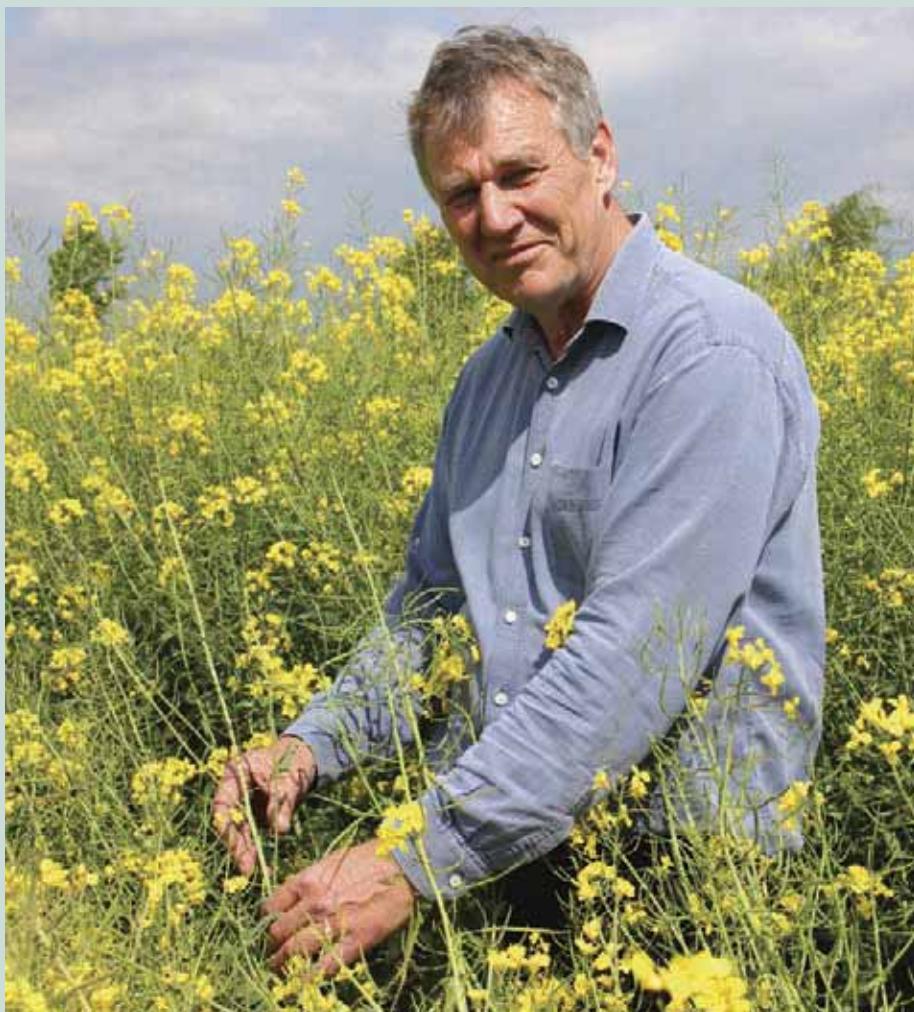


The 12th century Syningthwaite Priory is adjacent to the holiday cottages and will be restored to provide a new home for David and his family.

The holiday cottages and wedding facilities are marketed through a dedicated website. An annual wedding fayre is also held on site and magazine advertising and a growing network of wedding planners is used to publicise the venue to a wider audience.

The new venture currently employs David's daughter Serena on a part-time basis, but their

hope is that the business will expand enough to support her full-time. “The cottages complement the main arable enterprise and are working well,” David said. “We have built up a group of regular and repeat visitors but arable farming still remains our primary concern. The next goal is to make a start on turning the priory into a new home and to make sure that the farm makes the most of buoyant crop prices.”



Arable farming is still David Rawlings' main profession.



The new parlour at Tack Farm has improved milking efficiency and provides capacity for the herd's long-term future.

Farm improvement project paves the way for the future

For Henry Lewis of Tack Farm in Herefordshire, investing in the expansion of his family's farm has enabled him to create a first-class dairy unit that offers a long-term future in milk production.

Tack Farm has expanded rapidly over the last two years with the dairy herd growing from 400 pedigree Holsteins to a flying herd of more than 525 cows. Despite this growth, cows are still producing an average yield of 10,000 litres per lactation with the farm's total milk output now exceeding 5 million litres per year.

However, the herd's growth has taken its toll on the farm's milking facilities which were designed to milk 100 cows and installed in the early 1980s. With the herd being milked three times a day, it was taking Henry's staff more than 16 hours per day to milk through the farm's 22/22 herringbone parlour.



Henry Lewis with son James in the new cubicle shed.

"We had reached a stage where the old parlour was past its best and needed to be replaced with something more user and cow friendly," Henry explained. "We were doing our best to work as efficiently as possible, but we had simply outgrown the farm's existing infrastructure."

Despite best efforts, cow welfare had also started to suffer, with a rise in lameness resulting from cows standing in the collecting yard for too long as they waited to be milked.

New milking facilities were therefore constructed using funds provided by AMC. A 50-point rotary parlour has been installed in a newly constructed building which also houses a covered collecting yard with electric backing gate, auto-segregation gate, hospital area and veterinary races. The building has also been equipped with a staff kitchen, locker room and washroom as well as a small meeting room which is hired out to third parties to generate a small amount of additional income.

A 170-cow cubicle shed has also been built with a strong focus on cow comfort with an animal health and welfare grant of £8,500 from Herefordshire County Council used to pay for new cubicle mattresses.

The new dairy was commissioned in November 2010 – nine months after initial ground works started – and has reduced the amount of time spent in the parlour by 50%.

"Not only are the cows more settled and more contented, the staff are also much happier in their work," Henry explained. "They are more motivated and really seem to appreciate the improved working conditions. That's important for a farm of this size where staff form such a critical part of the business's overall success."

Strong support from AMC

Henry's family has worked with AMC since the 1970s and uses a selection of finance options to manage the farm's budgetary requirements. When Martin Waite – AMC's Regional Agriculture Manager for South Wales and the South Midlands – started working with the Lewis family nine years ago, Tack Farm was a mixed farm with fewer than 200 dairy cows.

"Since then the business has grown rapidly but in a controlled and measured way," Martin described. "Henry has surrounded himself with a team of accountants, nutritionists, dairy consultants and farm vets and has sought their advice to turn the farm into a first-class dairy unit. It has been extremely rewarding to be able to help Henry to expand the herd and



Henry Lewis and Martin Waite of AMC (left) in the new milking parlour.

to develop the farm's infrastructure. The business is well managed with good information to hand which makes it easier for AMC to work with them."

AMC Flexible Facility

Henry uses an AMC Flexible Facility to cover the day-to-day costs of running the business, using the facility to pay bills and purchase new cows. An AMC term loan is used to fund larger projects such as the recent farm expansion project and new parlour installation.

"AMC have always been very helpful and are an integral part of the business," Henry said. "Building a farm business of this nature goes through a distinct pattern of events with each phase of investment followed by a period of consolidation and asset sweating. Before you know it you have outgrown the infrastructure again and new plans have to be drawn up for the next phase of development.

"Working with a bank that understands that process is crucial to a smooth transition from one phase to the next. AMC provides that level of understanding and makes my decision-making process a lot easier."

Fit for the future

The new facilities at Tack Farm have been designed to provide enough capacity for the herd's long-term future. "The new parlour will be able to service the herd for the next 30 years," Henry outlined. "We have built in some additional capacity so that cow numbers can expand further, and by paying attention to the finer details we have created

a well-finished facility that won't require any reinvestment for a long time."

Henry sees the new set-up as part of his responsibility to build the business for the next generation, as his father Peter had done for him, and to give his children the option to take over a sustainable and profitable business. "Without investing in the new facilities we would have been forced to reduce cow numbers on the grounds of deteriorating cow welfare and poor staff morale.

"I am proud of the business we have built and have developed a dairy that our milk buyer can happily bring visiting consumers and customers to. By working with them I hope to make our milk more marketable and to move up the milk price ladder."

Despite thriving on the challenge of improving the farm, Henry has no intention of investing in another new parlour during his career. "The next parlour won't be installed by me," he stated. "That's a job for my son James to worry about after I have retired."

Tack Farm – details:

- 525 Pedigree Holsteins
- 5 million litres of milk per year
- 50-point rotary parlour
- New 170-cow cubicle shed



Brighter future and lack of supply keep land prices high

Farmland continues to shine as an appreciating investment, with higher prices based on better prospects for the farming industry. But supply continues to be short and those looking to purchase land need to be market savvy.

Agricultural land prices often rise in times of economic uncertainty, but this time the downturn in the economy has coincided with higher food commodity prices and greater farm profitability. The result has been continued gains for land while other investments have been more subdued.

“Our research shows that farmland prices continue to increase and during the first three months of 2011 were up 11% on the same period in 2010,” said Andrew Shirley, head of rural research at agents Knight Frank.

The increase meant that the average price of English farmland was nearly £6,000 an acre.

“What is noticeable is that prices firmed in the first three months of the year after hovering around the £5,800/acre mark for the second half of last year. The uncertainty over a new government, the emergency budget and doubts whether last summer’s commodity price

increase would stick may have meant a small degree of uncertainty in the market then. But now the continuation of high commodity prices appears to have settled the market again.”

Farmland price gains have been impressive over the longer term as well as the short-term, with prices over the last five years increasing by 109% according to Knight Frank figures and by 207% over 10 years. This compares to a 56% 5-year gain and 99% 10-year gain for prime London property, a 0% 5-year and 5% 10-year gain for FTSE 100 investments and a 3% 5-year loss and 23% 10-year gain for prime country property.

“A few years ago non-farming buyers were buying land for its amenity value,” Mr Shirley added. “Now the market is being led by

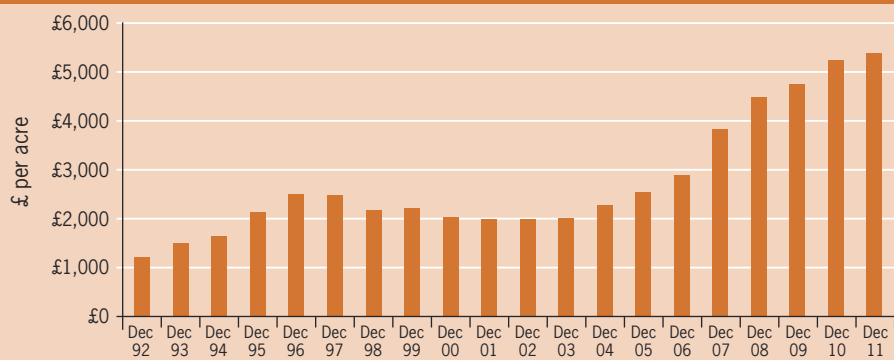
farmers wanting to add land to their businesses. There are even some individual non-farming investors buying land because of their confidence in future commodity values.”

As well as strong demand there is a shortage of supply of land coming on to the market, as it appears that farmers with land are keen to hold on to it in anticipation of its future value.

“The prospect of higher interest rates might put some pressure on those who cannot afford loan repayments to sell, but that is likely to be limited,” said Mr Shirley, adding that CAP reform could impact on confidence, although again in a limited way.

“There appears to be a feeling that CAP reform will not fundamentally damage the viability of farming,” he concluded.

Land prices



Source: Savills Research



Irving Parry

Brightwells, Builth Wells, Powys

"There have been very few sales of whole farms in the mid-Wales region this year. Most sales have been for small parcels of grazing land, at between 20 to 30 acres, which averaged around £7,000 per acre.

"Most land has been bought by local farmers who have some confidence in the future profitability of farming and livestock production and want to expand their area. There is some interest from non-farmer buyers but little sign of the outside buyers who were looking to rollover money in the mid-2000s into agricultural land.

"When farms do come on the market many sellers are keen to sell in lots to maximise their value. We would therefore sell the house with some land and divide the buildings and land into attractive lots."



Grant Turnbull

CKD Galbraith, Perth, Perthshire

"Demand is still very strong for good-quality land, but a little less so for more marginal land. Confidence remains stronger in the arable sector than in livestock. Buyers are often local farmers, although interest from further afield is heightening and the investment buyer is becoming more prevalent, particularly within the arable sector.

"A good sign is that there are very few forced sales, indicating that the farming sector is strong and resilient. Agricultural tenants are also keen to buy when the opportunity arises, with low interest rates helping demonstrate that they can service borrowings.

"The supply of land coming onto the market is limited with no signs of people jumping on the bandwagon to benefit from buoyant prices. Most sales that do take place are due to changing personal circumstances rather than farmers capitalising on assets."



Anthony Holliday

Brown & Co, Bury St Edmunds, Suffolk

"Interest is keen from farmers, but there are also investors in the market who consider farmland as a safe haven for their money. Both types of buyers seem to be encouraged by the increase in

commodity prices and a belief that the long-term prospects for farming are positive.

"There is a shortage in supply of land coming to the market, although we recently had two clients who bought land in the last ten years and saw current prices as a good time to capitalise on their investment. We currently have farms in the 300 to 500 acre bracket for sale near the Suffolk coast and two parcels of around 70 acres. We are seeing keen interest for all these sales. Around half the land sold is now dealt with off market or on a private basis, so it is important that if you are looking to buy that you register your interest with agents."



Oliver Stones

Dee Atkinson Harrison, Driffield, North Humberside

"We experienced an increase in sales in the first three months of the year. We are waiting to see if this is just land coming onto the market earlier than normal or part of a trend.

"Good-quality easy to work arable land is very much in demand and fetching a premium. However, finding buyers for poorer land can be more difficult, creating a wide range in land values which can reach £6,000/acre in some circumstances. The strongest buyers in the market are neighbouring farmers who already own land as they have the greatest ability to service additional debt. Tenants are not in such a strong position, although farms are still coming onto the market from landlords who need to sell for personal reasons.

"There are also some investors attracted by the appreciating value of land. Although they are not the strongest buyers they do create competition. There are some fears that the market is driven by speculation, but if crop values stay high land prices are unlikely to fall. However, if there are two or three years of much lower grain prices then we could see a short-term correction in the market. Long-term however, land values are expected to rise."



Richard Thomas

BTF, Ashford, Kent

"Although larger farms are not coming onto the market at the moment, we are still seeing a steady supply of smaller units in the £750,000 to £1 million bracket. In fact, there are more instructions of this

nature than a year ago.

"Sellers' expectations are probably not as great as they were before the credit crunch hit, but scarcity is still the main market driver and strong prices can still be achieved particularly where there is competitive bidding or a good residential element.

"For bare land, prices range from £6,000 to £7,000 an acre for better soils in the North and East of Kent, with heavier clays in the south and west of the county fetching between £4,000 and £5,000 and more in some cases where neighbourly interest is strong.

"Farmers remain a major feature of the market, although non-farming buyers are attracted to our area particularly now there is a fast rail link from Ashford into London."



Edward Dyke

Chesterton Humberts, Blandford Forum, Dorset

"There is strong demand for all types of land, even dairy land with prices in the region of £6,000 to £7,000 an acre and even the odd piece making £10,000. Although long-term prospects are the main reason for the high prices, low interest rates are underpinning values.

"Individual buyers dominate the market, with local farmers being joined by non-farmers who see land as a tax-efficient safe haven for their money with good long-term prospects.

"Interest from sitting tenants is very strong if the opportunity arises, although sitting tenant value is approaching the open market value of just a couple of years ago.

"Land is in short supply and sellers are keen to break it into lots to maximise its value."

How to get in touch with us

1

To establish whether AMC can help fund your project, you can speak to one of our specialist New Business Managers in our Andover head office on **01264 334747**. They will be pleased to discuss your plans.

2

To discuss a proposal with your local AMC Agent, call us on **01264 334747** and we can put you in touch with them. You can also find your local AMC Agent on the AMC website (www.amconline.co.uk) under 'Contact Us' and 'Contact your local AMC Agent'. Our Agents are all Rural Chartered Surveyors who may also be able to help with planning permission and project management.

3

If you have an existing relationship with one of our locally based Agricultural Managers then you can call them direct on the numbers opposite.

4

Alternatively, why not visit the AMC website by logging on to **www.amconline.co.uk**

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Secured loans available for business purposes only. Minimum AMC standard loan £25,001. Minimum Flexible Facility £30,000. To meet customer requirements, lending criteria will vary.

Before taking out a mortgage you should take financial advice from a professional adviser or accountant.

Please contact us if you'd like this magazine in Braille, large print or audio tape.

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Our service promise: We aim to provide the highest level of customer service possible. However, if you experience a problem we will always seek to resolve this as quickly and efficiently as possible. You can request a copy of our 'How to voice your concerns' leaflet by calling 01264 334747.

We accept calls made through RNID Typetalk.

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