



## **North Bridge AgriFrance**

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**FACTSHEET**

**3Q11**

# NORTH BRIDGE AGRIFRANCE

## Company objectives and background

AgriFrance invests in prime farmland in central France, a region where rainfall and soil quality is high, and infrastructure is well-developed. The land is mostly arable, with around 75% of the final portfolio currently in crops or capable of being used for cereals; the balance is in grassland. There is one, smaller farm near Bourges, where fruit is grown.

Following division of the assets with the departing group of shareholders, around the half-year point, the 1,137ha remains split into 781ha of arable land in the Bourges area, all rented out, plus 300ha of mixed farm to the south of Bourges and a 56ha farm, of which around 20ha are in cereals and 36ha in fruit, mostly apples.

## Operational summary

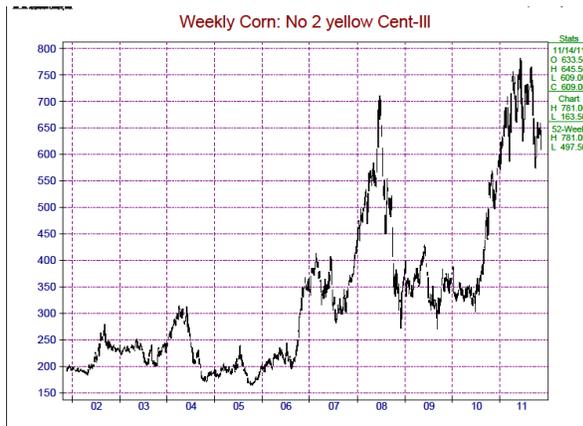
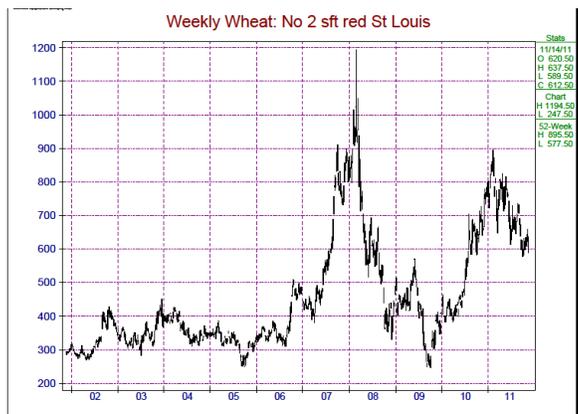
As none of the land is being operated, rental income is being collected and no harvesting is being done by the company. The manager continues to work on land development projects and during 3Q11 has secured zoning for further land on one of the sites, where three houses could be built.

## Valuation

A valuation has been performed on the remaining assets, showing a current market value of EUR 8.3m, compared with an acquisition cost of EUR 6.8m. The French agricultural agency, SAFER, indicated that farmland prices rose 4% in 2010. As the funds were deployed from late 2008 to mid-2010, the annualized increase is in excess of the French average for 2010. Across the portfolio, the land price estimated by the professional valuer is EUR 4,600-6,300 per hectare, still a substantial discount to comparable land in other near EU countries.

## Project background

North Bridge has invested in farmland in Romania since early 2007 and identified France as a second potential market, due to the differential in land prices versus other western markets and the same high quality soil and rainfall factors that Romania possesses. Having a history of fragmented farms and operating under similar legal basis, where Notaries public are a key verifier of title and transaction, the team saw similar potential for upward revaluation over time. The main difference is that much of the land being acquired in Romania is in small parcels and may be operated only with very basic equipment, whereas in France the farms are operated under western standards. However, the scale of many farms in the target region is smaller than is economic in the long-term which creates revaluation potential. As in Romania, access to capital is restricted (albeit at a different level) and there is a strong tradition of tenant farmers, operating on shorter or mid-term leases.



Please note that this document is intended as information for the investors in the Company and is not a solicitation to transact shares, debt or other instruments in the Company. The background information referred to here is believed to be from reliable sources, but has not been verified independently.