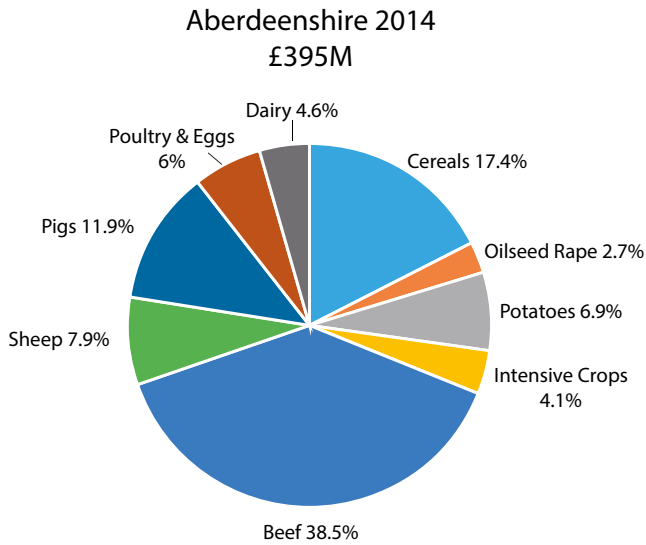


NE LAND BASED STUDY - ABERDEENSHIRE AT A GLANCE

The most mixed farming area in Europe?



But beef is king....

And punches above its weight:

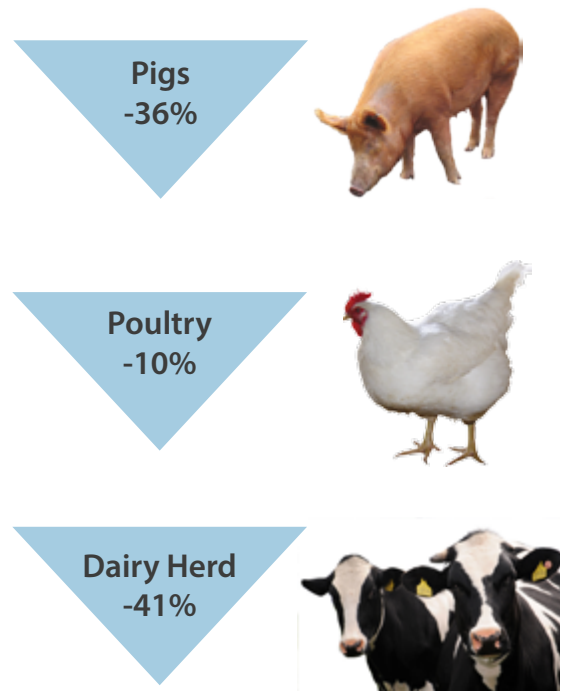
| | Aberdeenshire share of Scotland % |
|-------------------|-----------------------------------|
| Agricultural Area | 9 |
| Cereals | 28 |
| Oilseed rape | 30 |
| Feeding cattle | 26 |
| Pigs | 52 |
| Occupiers | 14 |

| | % employed in agric, forestry, fishing |
|---------------|--|
| Scotland | 1.66 |
| Aberdeenshire | 4.38 |

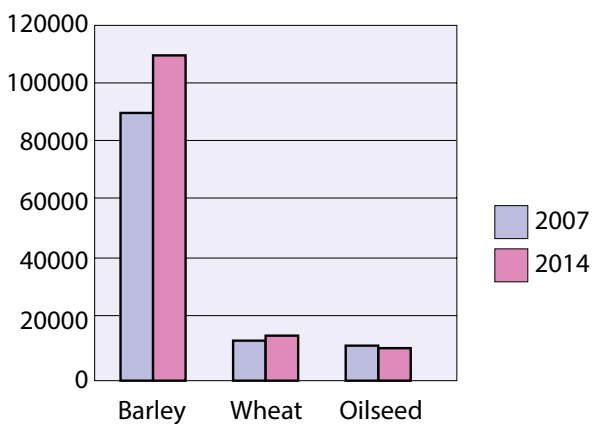
Dominates Scottish red meat processing ...

| Slaughtering | % share of cattle | % share of sheep |
|--------------|-------------------|------------------|
| 2008 | 29.2 | 24.5 |
| 2014 | 33.0 | 41.8 |

... but intensive livestock crisis 2007-14



Meanwhile, malting barley boom!



NE = 60% of Scottish Malting Capacity


Beef cows, feeding cattle and ewes declining, but much slower, -1% per annum

SO, WHAT IS HAPPENING?

Simplification in the face of subsidy decoupling, volatile world markets and costly labour?

NE LAND BASED STUDY - ABERDEENSHIRE AT A GLANCE

Strong local economy has shaped agriculture – “the loon his geen ti the ile!”

| | |
|---|--|
|  | Median household income 2008-09 £/ week |
| Aberdeenshire | 595 |
| Scotland | 468 |

Farm size smaller in Aberdeenshire (199 ha) than Angus (322 ha) and Moray (277 ha), but **increasing fast** (30 ha since 2007)

Number of farmers falling **3x faster** than Scottish rate

“Hollowing out” of farm size – accelerating increase in numbers of large farms and smallholdings

...but high capital values and off-farm income have allowed big investments in infrastructure



28% of Scottish installed wind capacity = more profit than all of the farming?



+ new sheds galore; high uptake of SRDP grants

Sub-regions of Aberdeenshire are specialising:

| Selected sub-regions | Part Time Farmer % | Beef cows % change 2007-14 | Total labour % change 2007-14 | What's happening? Going..... |
|----------------------|--------------------|----------------------------|-------------------------------|------------------------------|
| Buchan | 62 | +3 | +5 | ...farming |
| Garioch | 64 | -17 | -9 | ...part-time |
| Kincardine | 54 | -5 | +34 | ...intensive crops |
| Marr | 54 | -12 | +1 | ...extensive |

Key Challenges

Processors anchor production, but are few and have low margins

Aberdeenshire beef producers are the big losers in current CAP reform

Critical mass – livestock reduced during period of good prices, now prices and CAP support falling

Lack of skilled labour and tech improvement

Knock-on from oil sector decline

Key Opportunities

Local food sector buoyant and wants to grow

Tremendous food and drink story to build on; Scotch beef, whisky

Great examples of collaborative market led success; fruit, seed, Rings

Lots of ideas for boosting performance, from genetics to grass

Harnessing the strong improvement culture and large number of farmer organisations