RURAL BULLETIN

Autumn/Winter 2012

HEADLINES

WELCOME TO THE LATEST ISSUE OF THE KNIGHT FRANK RURAL BULLETIN

Once again the weather has been the big story of the past few months. Not only did the heavy rain badly affect the 2012 harvest in terms of both quality and yield, but it has severely hampered the drilling of next year's crops. Commodity prices, however, remain high so we can but hope for better weather and yields in 2013.

The other bad news story for rural landowners has been the escalation of ash dieback, which threatens the UK's 80 million native ash trees – some 30% of our deciduous woodland. Hoping for the best, but planning for the worst seems to be the most sensible approach and our estate management team will be happy to help if you have any concerns about the potential impact on your property.

But there has been some good news too, albeit from an unexpected source. George Osborne increased the Annual Investment Allowance for plant and machinery substantially as part of his Autumn Statement, while the taxman has confirmed that working farmhouses will not be hit by the new annual charge on £2m+ houses owned by companies or partnerships involving a company.

I hope the information in this bulletin will help you plan for the future and if Knight Frank can be of further help in any way please do get in touch. You can find our key contacts on the back page.

Further information about our services can be found online at **www.KnightFrank.co.uk/Rural** and you can also follow us on Twitter at **www.twitter.com/kfruralproperty**

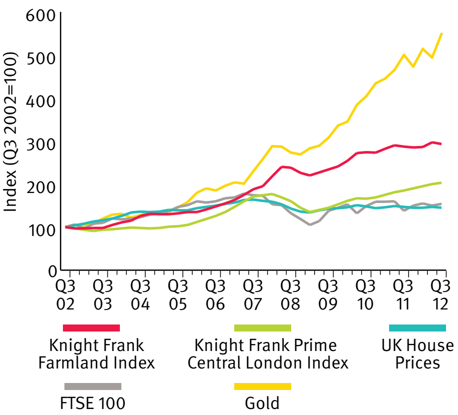
Andrew Shirley
Head of Rural Property Research
020 7861 5040

RURAL PROPERTY MARKET

The latest Knight Frank research on the value of farmland and country houses

English farmland

English farmland performance versus other asset classes



Source: Knight Frank Residential Research

The farmland market experienced a slight lull this summer with average prices across England dipping by 1% to £6,220/acre, according to the latest results from the Knight Frank Farmland Index. But Andrew Shirley, Head of Rural Property Research, says the drop needs to be put in context.

"Given that farmers have just experienced one of the worst growing seasons for many decades, switching virtually overnight from drought to monsoon conditions, the fact that farmland is only £70/acre below its all-time high is a reflection of how robust the market remains.

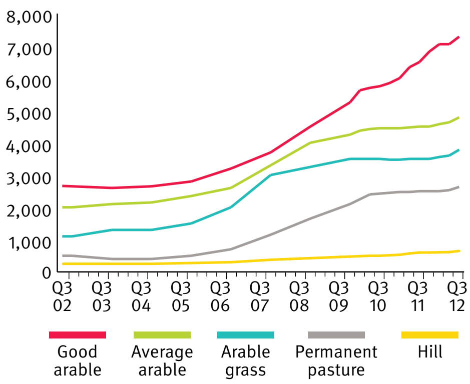
Tom Raynham, Head of Farm Sales in Knight Frank's London office, says decent arable land is still making upwards of £7,500/acre. "Part of the problem is that there is still a real shortage of good quality land for buyers to get excited about."

James Prewett, Head of Regional Farm Sales in Central and Western England, is also seeing land regularly fetch over £8,000/acre, but says the market is becoming noticeably more polarised. "If there is competitive bidding potential buyers are prepared to pay good prices to secure a deal, but where there is less interest people are being more circumspect about what they will pay."

Clive Hopkins, Head of Knight Frank's Farms and Estates department, is expecting prices to start rising again soon, increasing by around 5% over the next 12 months. "While it has undoubtedly been a difficult year for the UK's famers, the situation has been the same all over the world. This should help to keep commodity prices high and give producers and other potential purchases more confidence going forward."

If you are thinking of selling your land or farm please contact Tom or James for a free appraisal.

Scottish farmland values by type
£/acre



Source: Knight Frank Residential Research

Scottish farmland

In Scotland, prices have risen on average by 5% since the beginning of the year. Top-quality arable land is now worth over £7,000/acre on average, while hill land is valued on average at £650/acre.

James Denne, Head of Scottish Farm Sales, says strong demand and a shortage of supply is helping to keep prices buoyant. "We are still seeing a lot of interest from English farmers who perceive that you can get more for your money north of the border.

"There were some concerns that the threat of Scottish independence could dampen demand, but the 'Olympic' effect we saw over the summer as all our athletes competed successfully under the Team GB banners doesn't seem to have done Alex Salmond any favours."

In The Highlands, the ability to generate income from hydroelectricity is sparking a lot of interest in a large sporting estate the firm is selling, says Ran Morgan, Head of Knight Frank's Edinburgh office. "We have had enquiries from all over the world. Farms and estates in Scotland offer so many opportunities as well as just agriculture."

Please contact James Denne if you would like to sell your farm or discuss the market further.

Knight Frank Property Index
(% change in country house values)

England & Wales

	Cottage	Farmhouse	Manor house	Avg
Q3 2012	-0.7	-1.1	-0.9	-0.9
Annual	-3.8	-5.9	-3.5	-4.3

Scotland

	Cottage	Farmhouse	Small country house	Large country house	Avg
Q3 2012	0	-0.9	-0.5	-0.3	-0.6
Annual	1.9	-2.0	-4.6	-3.1	-3.0

Country houses

In England and Wales prime country house values fell for the sixth consecutive quarter between July and September as economic worries and lack of mortgage funding continued to affect the market. On average, prices have declined by 4.3% over the past 12 months, according to the Knight Frank Prime Country House Index.

Houses worth £2m to £4m were the worst performers (down 7%) as the impact of the new 7% stamp duty band for properties worth over £2m started to bite.

North of the border, the slide in Scottish country house price continues, but at a slower rate. Average values fell 0.6% in Q3 compared with almost 1% in Q2, according to the Knight Frank Prime Scottish Property Index.

Please contact Gráinne Gilmore, Head of UK Residential Research, for more information.

AGRICULTURE

An update on commodity prices, CAP reform and the big issues affecting farming and forestry

Commodity market round up

For many farmers 2012 has been the wettest and most difficult year in living memory, with the rain still continuing to fall. Arable commodity prices may remain close to record highs, but poor yields and quality have eroded much, if not all, of the extra cash on offer.

On average, wheat yields dropped by around 14% from their five-year average to just 6.7t/ha (2.7t/acre) - the lowest since 1988. In total, the UK crop was down 13% year-on-year to 13.3m tonnes meaning that for the first time since 2001 the country will be a net importer of wheat.

The fall in yields caught out some farmers who had sold a large proportion of their crops forward. Unable to deliver their contracted tonnage to merchants they were forced to purchase the shortfall on the open market, often for a significantly higher price than they sold for.

Those who didn't sell anything forward before harvest have benefitted with feed wheat now priced at over £210/t. Unsurprisingly, given the above, little of the 2013 crop has been sold so far, but with forward prices of almost £200/t available for November 2013 and over £170/t for November 2014, locking some tonnage in at these levels should ensure a decent margin.

Quality was another big issue this year, with some farmers reportedly facing deductions of over £50/t because their grain wasn't up to specified standards, particularly target bushel weight.

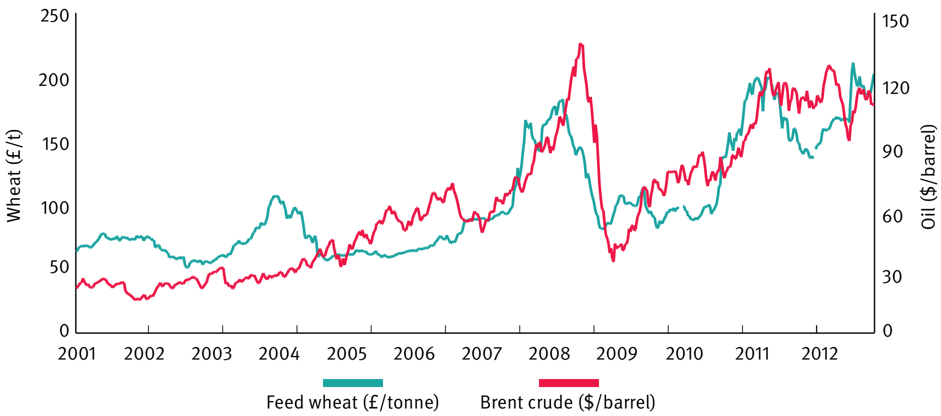
The rain didn't just affect this year's harvest, but caused problems for those trying to get next year's crop in the ground. Some farmers simply couldn't get their planned autumn acreages drilled and will be hoping for a drier start to 2013 to sow spring varieties instead.

Globally, wheat production was down over 5% meaning stock levels remain precariously low. This should help support prices into 2013, although initial forecasts suggest that world production should recover next year.

High cereal costs will be making life harder for livestock producers, especially as the wet weather will have forced dairy herds indoors earlier than normal. Pig producers are losing up to an estimated £15 per finished pig, while the latest costings from the English Beef and Lamb Executive (EBLEX) show most beef and lamb producers also made a loss in the year ending March 31 2012.

Milk prices have started to rise following the mass protests by dairy farmers earlier in the year and a drop in global output, but in the majority of cases they still fall short of the 32p/litre that industry analysts claim is required for producers to make a profit.

Wheat and oil price changes



Agricultural price changes Q3 2011-Q3 2012

	Q3 2011	Q2 2012	Q3 2012	Annual change (%)	Quarterly change (%)
Commodity prices					
Feed wheat (£/t ex-farm)	142	185	190	34%	3%
Oilseed Rape (£/t ex-farm)	345	359	356	3%	-1%
Cattle (R4L steers p/kg dw)	336	348	356	6%	2%
Sheep (R3L lambs p/kg dw)	378	436	381	1%	-13%
Pigs (DAPP p/kg dw GB av)	145	150	155	7%	3%
Milk (UK p/litre)	28.13	26.12	27.48	-2%	5%
Skimmed milk powder (£/t)	2,150	1,800	2,300	7%	28%
Input prices					
Red Diesel (p/litre)	69	68	73	6%	7%
Oil ($/barrel OPEC index)	108	94	111	3%	18%
Fertiliser (£/t AN 34.5%)	345	295	301	-13%	2%
Soyameal feed (Argentine £/t)	279	355	396	42%	12%
Economic indicators					
Interest rates (B of E base %)	0.5	0.5	0.5	NC	NC
Inflation (CPI)	5.2	2.4	2.6	–	–
£:€ rate	1.15	1.25	1.25	9%	0%
£:$ rate	1.55	1.56	1.61	4%	3%

Sources: HGCA, Farmers Weekly, DairyCo

EU budget stalemate delays CAP reform

Reform of the Common Agricultural Policy (CAP) was kicked further down the road in late November as a Brussels' summit of government heads failed to reach agreement on setting the EU's overall budget (multiannual financial framework) from 2014 to 2020.

The EU's 27 member states are split between those who say spending should be cut or, at the very least, frozen at the current level of €1.025tr (generally those who put in more than they take out), and those advocating an increase (generally those who receive more than they put in). Any deal is now unlikely until next year and this could have a knock-on effect on the discussions regarding CAP, which accounts for about 40% of the EU's budget and currently costs €50bn annually.

Members of the European Parliament are refusing to approve any new CAP spending plans and have delayed a vote on the reform until the EU's total budget is settled. Faced with this impasse, the EU Commission has now admitted that CAP reform will not now be implemented until 2015 – a year behind schedule.

A proposal by EU Council President Herman Van Rompuy to slice €21.5bn from the CAP budget over the next seven years was sharply criticised by Copa-Cogeca, the European farm union. It said the plan threatened food security and rural development.

Under Mr Van Rompuy's plans, Pillar Two of CAP, which includes rural development and environmental payments, would be hardest hit. EU Farm Commissioner Dacian Ciolos said this went against efforts to make the CAP fairer, greener and more efficient. France has also said it will not accept a reduction in the CAP budget.

In terms of thrashing out the details of what CAP will look like when it is eventually introduced, negotiations have been fierce with the European Parliament lodging 7,000 amendments to the original reform proposals.

Some of the changes that will hopefully be adopted include measures to make it easier for those selling land to transfer the right to claim entitlements to more than one party, a U-turn on the proposal to deny payments to businesses receiving under 5% of their income from subsidies, more flexibility on the three-crop minimum rule and the ability for existing Pillar Two environmental schemes to count towards new greening targets.

Farmers in Scotland and Wales could also be given more time to adjust to the proposed switch from payments based on historic subsidy claims to a flat-rate scheme (English farmers are already paid on this basis).

Upland farmers are particularly concerned about the impact of CAP reform and a joint study by NFU Scotland and the Cairngorm National Park Authority concluded that CAP greening measures risked putting 10% of farms in the Scottish Highlands out of business. A recent study by charity OXFAM even found some farmers in Northern England were missing meals so they could afford to feed their livestock.

Please contact Andrew Shirley if you have any queries about the CAP reform process.

Exchange rate blow for subsidies, but 2013 could be better

Subsidy payments for farmers will fall by about 8% this year following a slide in the value of the euro. EU subsidies are set in euros and converted into the currency of member countries outside the eurozone at the exchange rate prevailing on 30 September. This year the rate was £0.79805 compared with £0.86665 in 2011.

The euro weakened in the first half of 2012 on the back of the ongoing fiscal crisis facing a number of the eurozone's economies, but, thankfully for farmers, retained its value in the third quarter as the European Central Bank pledged action to protect the single currency.

This recovery could continue into 2013 with the euro back up to £0.87 by next September, according to forecasts from bank HSBC.

The Rural Payment Agency (RPA) has also announced the value of 2012 Single Payment Entitlements before modulation for English farmers:

- Non-severely-disadvantaged areas (SDA) – €323.91
- Upland SDA – €260.29
- Moorland SDA – €45.47

Badger cull collapse

English livestock and dairy farmers in favour of a badger cull to help control Bovine TB were left disappointed after a controversial pilot scheme was postponed at the last minute.

The trial was due to kick-off in south-west England this autumn but was suspended because of new data from Natural England that suggested far more badgers than had previously been targeted would need to be killed. The company charged with carrying out the cull and the National Farmers Union said this made it impossible to proceed, despite the government being keen to push ahead.

DEFRA and the organisations backing the cull remain committed to it going ahead next year, but those opposed to it, led by celebrities such as Queen guitarist Brian May, will now be doing their best to have it scrapped for good.

In Wales, farmers hoping for a cull have been told by Deputy Farming Minister Alun Davies that culling has no public support and is "no longer on the agenda".

DEFRA reshuffled

The well-regarded Farming Minister Jim Paice was a surprise victim to the Coalition power-sharing agreement when he was eased out of his post in David Cameron's autumn cabinet reshuffle to make way for Liberal Democrat David Heath.

Less unexpected was the departure of DEFRA Secretary Caroline Spelman, who was replaced by Owen Paterson a former shadow agriculture spokesman.

Mr Paterson supports a badger cull, is sceptical of on-shore wind turbines and believes agricultural subsidies should eventually be phased out.

Dairy code agreed

Farming organisations and milk processors have eventually agreed a voluntary code of practice that it is hoped will lead to improved supply contracts for dairy farmers and create more constructive relationships across the sector. The impact of the code will be assessed in 12 months.

Key points

- 30 days' notice of change to a farmer's price or other contractual terms
- A farmer can terminate the contract with three months' notice if they disagree with a contractual change
- Encouragement for processors to engage with producers via democratically accountable and representative producer groups

Meanwhile, the much-anticipated supermarket watchdog has been given additional powers to fine retailers breaking the new Groceries Code. The Groceries Code Adjudication Bill has just passed its second parliamentary reading and should become law in early 2013.

BUILDINGS, PLANNING AND RENEWABLE ENERGY

The latest news from our Building Consultancy and Renewable Energy teams

Knocking down listed buildings is not a human right

A claimant who argued that a planning inspector's refusal to allow him to knock down and reconstruct a Grade 2 listed building was, among other things, a breach of his human rights to the peaceful enjoyment of his possessions has had his appeal turned down. The court ruled that there was no such breach because the right to peaceful enjoyment of the premises does not include the right to develop it in whatever manner the owner thinks appropriate.

Cutting listed building costs

The latest edition of Knight Frank's Rural Report includes a guide from our Head of Building Consultancy James Carter-Brown on how to cut the cost of works on listed buildings. This is especially relevant given the government's decision in the 2012 budget to increase the rate of VAT payable on alterations to such properties.

Please read the report or contact james.carter-brown@knightfrank.com for more information.

Build, build, build

The new planning minister Nick Boles has said that more homes need to be built in the countryside if "people want to have housing for their kids".

In a controversial statement, Mr Boles said about 1,500 square miles of extra land – around twice as much as Greater London – would be needed to cope with the increased demand for new homes. This would take the built-on area of England from 9% to 12%.

His remarks, unsurprisingly, attracted immediate condemnation from rural campaigners who said developing brownfield sites and bringing unoccupied houses back into use should be the priority.

However, along with the introduction of the National Planning Policy Framework earlier in 2012, Mr Bole's comments do suggest that landowners with sensible plans to provide new rural housing are in a better position than 12 months ago.

Please contact james.del.mar@knightfrank.com if you need advice on residential development projects.

Going cool on wind?

John Hayes, the minister in charge of renewable energy deployment, also courted controversy when he suggested that there should be a moratorium on the construction of new on-shore wind turbines and that many of the schemes in the planning pipeline would never receive consent.

Mr Hayes said insufficient regard had been paid to the impact of turbines on landscapes and communities and that more analysis was needed to establish a genuine case for them.

How this will translate into official government policy remains unclear. The new Environment Minister Owen Paterson is also a sceptic, while Chancellor George Osborne is said to be wary about the economic rationale of subsidising wind power from the public purse. But in a quirk of Coalition politics, Ed Davey, the Liberal Democrat Secretary of State for Energy and Climate Change, remains in favour and is said to be frustrated by his minister's outspoken views.

If you need advice on existing or future wind projects please contact christopher.smith@knightfrank.com.

Solar FITs cut

Feed-in Tariff rates for electricity produced by solar photovoltaic systems have been cut again, this time by around 3.5%. The decrease applies to installations below 50kW and installed from 1 November 2012. The new rates are guaranteed until 30 April 2013.

Despite the reduction, somebody installing a 50 kW scheme costing £75,000 and using all the electricity produced could see a payback in 6.7 years, according to figures compiled by Knight Frank's Renewable Energy team.

Tariff Band	New FIT rate
≤4kW	15.44p
>4-10kW	13.99p
>10-50kW	13.03p
>50-100kW	11.5p
>100-150kW	11.5p
>150-250kW	11p
>250kW-5MW	7.1p
Stand-alone	7.1p

For more information please contact edward.holloway@knightfrank.com

Renewable VAT trap

Farms and landowners are not eligible for the attractive 5% rate of VAT payable on the cost of renewable energy installations, such as wood-fuel boilers, if any of the energy produced is used for commercial purposes, accountants are warning. Where this is the case, VAT must be paid at 20%. Self-catering accommodation does, however, count as a residential use.

Domestic heat energy subsidy edges closer

The Renewable Heat Incentive (RHI), which has subsidised heat generated from renewable sources by businesses since November 2011, could be available to homeowners from summer 2013, according to a Department of Energy consultation.

The technologies covered include ground-source heat pumps, biomass boilers and air-source heat pumps. Under the current proposals, homes with systems installed from 15 July 2009 will also be eligible to join the scheme. Payments will last for seven years and will range from around 5p/kWh of heat produced to 17p/kWh, depending on the technology used. The properties of those claiming will need to meet certain energy-efficiency criteria.

Please contact james.carter-brown@knightfrank.com of our Building Consultancy team for advice on how to incorporate renewable heat technology into new-build, renovation or conversion projects.

LEGISLATION UPDATE

A guide to what's new in the worlds of tax, tenancies, policy and law

Investment allowance 10-fold tax boost

Chancellor George Osborne's Autumn Statement delivered on 5 December contained little in the way of festive cheer, but there was a crumb of comfort for farming and countryside businesses. Mr Osborne announced that the threshold for the Annual Investment Allowance will increase from £25,000 to £250,000 for two years as of 1 January 2013.

This will be a welcome boost for those planning to invest in plant and machinery, although given the dismal harvest this year it remains to be seen how many arable farmers will be ready to splash out on new kit.

Other points

- Planned 3p/litre increase in fuel duty scrapped indefinitely
- Annual tax-free allowance for pension contributions reduced to £40,000 from £50,000
- DEFRA budget cut by £55m over two years

Read the Autumn Statement

Farmhouses to get relief from new £2m+ property tax

In another piece of good news from the taxman, HMRC has seen sense and announced recently (11 December) that farmhouses worth over £2m and occupied by working farmers will qualify for relief from the new Annual Residential Property Tax (ARPT) on residential property owned by non-natural persons (NNP).

ARPT was part of the measures introduced in the last budget to crack down on those – particularly non-UK residents - looking to avoid paying Stamp Duty Land Tax (SDLT) by holding residential property using a NNP (such as a company), rather than under their own name.

However, a number of farming businesses legitimately using a company as part of their ownership structure (often in conjunction with a partnership) would have also been adversely affected by ARPT, which will be charged at £15,000 a year for properties worth over £2m and up to £5m.

Without the relief from ARPT farmers would have been unfairly penalised because there are a number of business benefits to being incorporated. A new tax would also have been particularly unwelcome at the current time given that we have just experienced one of the worst harvests on record.

However, anybody looking to avoid paying ARPT by claiming extremely expensive country houses are, in fact, working farmhouses could be out of luck. HMRC says that where relief is being claimed the property in question will need to be "character appropriate" to the nature of the farming business being carried out.

Large country houses, however, that are "regularly opened to the public" will also qualify for the relief, as will "dwellings owned by a charity and held for charitable purposes" and "dwellings that are conditionally exempt from inheritance tax".

Anybody who thinks they will still be hit by ARPT has until 1 April 2013 to take any measures deemed appropriate. Those eligible for the relief will not receive it automatically and will need to make a claim each year.

ARPT charges

Property value	Annual charge
+£2m to £5m	£15,000
+£5m to 10m	£35,000
+£10m to £20m	£70,000
+£20m	£140,000

Other measures

A new 15% SDLT bracket for residential property purchases over £2m by NNPs was also introduced as part of the avoidance crackdown, but this will not apply to genuine farming businesses and others who qualify for ARPT relief.

Non-UK-resident NNPs will also now have to pay Capital Gains Tax (CGT) at 28% on the disposal of property if they do not qualify for ARPT. However, those liable for the CGT charge will only pay it on any increase in value from 6 April 2013. HMRC is consulting on whether to apply the new CGT charge to UK-resident companies.

Click for more details

Please contact Sandy Douglas who heads up our strategic planning team if you are unsure as to whether the ownership structure of your property meets your tax-planning requirements.

Agricultural Wages Board on the brink

Supporters of the Agricultural Wages Board (AWB), which sets the minimum wage for farm workers, are launching a last ditch attempt to save it from the quango scrapheap.

The UK government and organisations such as the Country Land & Business Association and National Farmers Union argue that it is outdated and no longer fit for purpose, particularly as workers are now covered by the national minimum wage.

A four-week public consultation on the proposed abolition has just closed (18 November) and confirmation of the move is widely expected to follow.

However, the Unite union, the Welsh government and The Farmers' Union of Wales believe that the AWB still helps protect workers and is the most effective body for setting pay and conditions. Unite said the consultation should be extended and that it was examining if the government had acted unlawfully by keeping it open for such a short period.

Some are also claiming that the National Assembly of Wales could block the abolition of the AWB because it is being done under The Public Bodies Act 2011 that requires the assembly's assent for any matter over which it has a remit.

Meanwhile, a survey by the Institute of Agricultural Management has suggested that the annual average salary for farm managers is now just over £50,000 with an additional £15,000 to £20,000 of non-cash benefits such as housing.

HS2 News

For those likely to be affected by the proposed high-speed rail line (HS2) between London and Birmingham a consultation on a new package of discretionary compensation measures has been announced. The consultation will be open until 31 January 2013.

The compensation likely to be available will vary depending on how close affected properties are to the actual line itself. A new voluntary purchase zone extending 120m either side of the line will be introduced. Anybody within this zone can ask the government to purchase their property for its un-blighted open-market value.

Please click here for more details.

continued on next page

Meanwhile, the government has announced that the proposed route for the next stage of HS2 to Manchester and Leeds will be announced in the New Year. Details had been expected this autumn. Anti-HS2 campaigners, however, will be hoping that the judicial review of HS2, which has just finished in the High Court will force the government to think again about the controversial project or at least delay it past the life of the current parliament.

If you think you are likely to be affected by HS2 and need advice please contact james.de.mar@knightfrank.com or go to www.knightfrank.co.uk/hs2 for more details.

The varsity express

It won't match the speed of HS2, but the government has approved funding plans for the Oxford-to-Bedford leg of the so-called "Varsity Line" that campaigners hope will eventually link Oxford to Cambridge. Further details of the route between Bedford and Cambridge are awaited.

If you think you might be affected please contact our East Anglian compulsory purchase specialist at alastair.paul@knightfrank.com

Farm track ruling could hamper machinery access

Anybody driving through the countryside during harvest time will know that farm kit is getting bigger and bigger. This doesn't just cause tailbacks on the public highway, but is also developing into a contentious and potentially costly issue on private tracks where there is an easement for third-party access. A recent court case (Oliver V Symons) ruled that a right of way does not extend beyond the verges of the track over which it runs, even if this prohibits access by modern farm machinery, and does not include a right to swing space for wide loads extending beyond the verges of the track. An existing red line on a map does not, therefore, guarantee access and any new easements need to be carefully drafted.

Tenancy succession test figures published

Although traditional Agricultural Holdings Act (AHA) tenancies in England generally include succession rights that allow the tenancy to pass to the close relatives of a tenant on their death, these rights are not absolute and potential successors must pass a number of tests.

One of the criteria is that they must not be in occupation of another "commercial unit". The rather arcane definition of this is: land which, when farmed under competent management, is capable of producing a net annual income which is not less than the aggregate of the average annual earnings of two full time male agricultural workers aged 20 or over.

In order to calculate the amount of land or units of livestock that this covers, the government publishes what are known as the commercial unit test figures as part of The Agricultural Holdings (Units of Production) (England) Order.

Over recent years, the income attributed to most farm enterprises under the order has risen. In effect this means that the size of enterprise considered to be a commercial business is dropping, meaning some potential successors to a tenancy may no longer be eligible.

Solicitor Burges Salmon calculates that from 7 November 2012, when the latest commercial unit test figures came into force, having about 360 acres of other land in an arable rotation, or 105 dairy cows on another farm could threaten the right to succeed to a tenancy.

Tied-up. How not to get an ag-tag lifted

A recent case heard by the Upper Tribunal highlights the need to follow procedure when trying to get an Agricultural Occupancy Condition (AOC) lifted.

The owner of a farmhouse near Swansea had applied to get an AOC lifted on the grounds that the house had been extended to such an extent it was no longer suitable for agricultural workers' accommodation. It was also claimed that because a number of agricultural buildings in the complex had been converted to residential use, there was no longer any need for the dwelling in question to provide accommodation for an agricultural worker.

In addition, the house had been advertised for sale in the press 13 times and on four websites with a 28% discount on its non-restricted value – later increased to 39% – without receiving any interest.

However, the tribunal ruled against the claimant. It said that while the property might be unaffordable for an agricultural worker, it was still suitable for a farm manager or owner. The ruling also criticised the marketing exercise for not being rigorous enough to satisfactorily prove there was no demand for the house in its restricted state. It pointed out that the property had not been advertised in the specialist farming press or offered for rent and that the price discounts were not sufficiently distinguished from general market movements.

Please contact edward.dixon@knightfrank.com if you need advice on getting an AOC lifted.

Win £1,000 of mapping services

Knight Frank's specialist mapping team is conducting a survey to help quantify the extent to which boundary issues, such as encroachment and fly tipping, affect landowners and farmers. All those who complete the survey will be entered into a draw to win £1,000 of mapping services. To take the survey please go to www.knightfrank.com/mappingcompetition.

For any mapping enquiries please contact michael.mccullough@knightfrank.com

Scottish news

Scottish land tax review

It is not just Westminster that is tweaking its property taxes.

Using its new devolved powers to set land and property taxes, the Holyrood-based Scottish parliament announced on 29 November a "call for evidence" into its proposal to replace SDLT with a Land and Buildings Transaction Tax.

The new regime is due to come into effect from April 2015 and could penalise owners of houses worth over £300,000. The increase in tax will become greater the more expensive the property.

For more details and to respond to the call for evidence please click here.

Please contact Ran Morgan if you have any queries regarding the sale or purchase of high-value Scottish properties.

OUR TEAM

Knight Frank can advise on all aspects of rural property ownership. Its principal service lines and the relevant contacts are listed below. Further details are available on our website at **KnightFrank.co.uk/Rural**

RURAL CONSULTANCY AND PROPERTY MANAGEMENT

Strategic Estate Planning
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