

MARKET SNAPSHOT

U.S.	EUROPE	ASIA
DJIA 15,339.04	3.76	0.02%
S&P 500 1,664.43	-1.86	-0.11%
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Schroders Plans to Raise \$480 Million for Global Farmland Fund

By Simon Packard - August 15, 2008 04:33 EDT

Aug. 15 (Bloomberg) -- **Schroders Plc**, the U.K.'s largest publicly traded money manager, will create a 250 million-pound (\$480 million) fund to invest in farmland around the globe, as prices for agricultural land rise with gains in commodity prices.

The money manager plans to sell units in Schroder Agricultural Land Fund Ltd., a Guernsey-registered investment trust, next month. The units will then trade on the London Stock Exchange, according to Mark Bridgeman, who will step down as head of research to manage the fund.

Farmland is enjoying its biggest revival in 30 years as investors including George Soros and TIAA-Cref bet that crop prices, chiefly grains, will be supported by shortfalls in production as demand mounts. In parts of the Midwestern U.S., land prices have risen as much as threefold, while broker Knight Frank LLP estimates U.K. values rose 38 percent on average in the first half alone.

``Some of the opportunities internationally are outstanding," Bridgeman said in an interview at his office in London. He favors farms in Australia, Brazil, Canada and Romania, where he expects higher returns than in the U.S. or his native **U.K.**

Bridgeman said he is conducting ``detailed due diligence" in a dozen investment opportunities, mostly regional agricultural farmland funds.

Romania

The fund has signed a memorandum of understanding to invest in a new Romanian land fund. An earlier vehicle run by the same managers acquired small parcels of prime arable land at prices 90 percent less than elsewhere in the European Union, then joined them into larger units suitable for more productive, modern farming.

About three-quarters of the Schroder fund will invest in other funds specialized in farmland where land values and investment returns can be improved by large-scale farming or by changing land use.

The balance of the fund will invest in agricultural commodities or stocks with a direct farmland theme, which may include companies like **Black Earth Farming Ltd.**, **NZ Farming Systems Uruguay Ltd.** and **Australian Agricultural Co. Ltd.**, Bridgeman said.

Expanding and more affluent populations, particularly in Asia, and biofuel production are likely to increase demand for crops and ensure land values keep rising, said Bridgeman, who has helped manage a family farm in northeast England for the past 20 years.

Billionaire investor **George Soros** owns a stake in Adecoagro SA, the owner of 225,000 hectares (556,000 acres) of farmland in Argentina, Brazil and Uruguay. TIAA-Cref, the largest manager of retirement funds in the U.S., said it bought \$340 million of farmland in seven states in the U.S. at the end of last year.

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Bridgeman said investors in the Schroder fund will gain a diversified range of investments spread across Europe, South America and Australia, while the units listed in London will be traded on a daily basis.

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