

Parkmead buys farmland to break into renewables

- Plans to install wind, solar and biomass facilities
- Deal to 'balance' oil and gas major's energy portfolio

By **HANNAH BURLEY**

Oil and gas group Parkmead has snapped up an Aberdeenshire farm business in a multi-million-pound deal as it looks to break into the renewables market.

The energy explorer and producer has acquired Pitreadie Farm, which owns some 2,320 acres of land with "demonstrable" renewable energy potential.

In a market update Parkmead said it had identified significant possibilities for the installation of onshore wind turbines, a solar farm and a biomass production facility.

The group, which is quoted on London's junior Alternative Investment Market, described the deal as "a natural expansion" of its energy operations and said it is in line with a strategy to bring balance to its energy portfolio.

The £4.9m acquisition will be entirely satisfied by the issue of more than 9,600,000 new ordinary shares at 1.5 pence each.

It will also see Parkmead adopt an existing £3.6m Bank of Scotland loan held by Pitreadie.

Property consultancy Galbraith last month valued Pitreadie's total assets, including plant machinery and stock, at £8.6m.

The farm generated £433,000 in revenue and made an overall pre-tax loss

of £166,000 in the year to July, with Parkmead adding that this loss reflected "investment in new activities involved in the preparation for renewable energy operations".

One of the largest acquired sites, around 15 miles west of Aberdeen, lies next to the Mid Hill Wind Farm, which hosts 33 Siemens-manufactured and maintained wind turbines.

The group said woodland planting has already been undertaken on part of the site, which has the potential for a commercial biomass supply operation.

As a result of the deal, executive chairman Tom Cross and his affiliates will see their shareholding increase from just over 19 per cent to almost 26 per cent.

The move into renewables adds a third revenue-generating business area to the group.

Chief financial officer Ryan Stroulger said: "The acquisition strengthens the group by adding quality assets with very significant renewable energy potential.

"Renewable energy is an area of major opportunity for us and, with our strong in-house technical and commercial expertise, Parkmead is very well positioned to benefit from this acquisition.

"The team at Parkmead is working intensively to evaluate and execute further value-adding opportunities, which could provide additional upside to the company."

He added that the deal is "complementary to Parkmead's other business areas, broadening and enhancing the group's asset base and revenue stream".