

Proplend Security Limited
Rannoch Food Group Limited
Portfolio of Seven Farms in Suffolk and Norfolk
September 2022



REPORT & VALUATION



Executive Summary

- We have been instructed to undertake a valuation for secured lending purposes of seven broiler farms owned by Rannoch Food Group Limited. Six of the properties are in Suffolk and one in Norfolk. The farms are let to Hook 2 Sisters, the newly agreed reversionary leases expire in May 2029.
- We have been instructed to provide our opinion of value of the portfolio on the following basis:
 - Market Value of the freehold interest subject to the existing tenancies.
 - Market Value of the freehold interest subject to the existing tenancies assuming a sale to be completed within 90 days.
 - Market Value of the freehold interest assuming vacant possession.
 - Market Rental Value.
- In arriving at our opinion of the Market Value, we have also taken into account alternative uses which may include, in certain instances, demolition and redevelopment.
- The total valuations provided are an aggregate of the individual properties and they do not reflect any discount that might be achieved if the seven farms are sold or let as a single lot.
- The farms are all presented in good order and demonstrate high bird welfare standards. The birds grown on the farms (with the exception of Forest Farm, Beachamwell) supply M & S for their 'Oakham Gold' range. This product range provides slower grown birds kept on farms with higher welfare standards and lower stocking densities.
- We believe the Land Registry Titles/plans match our understanding of the holdings as shown shaded pink and blue on the Bidwells' plans in Sections 1-7.
- We have assumed the Properties each have an unencumbered freehold title, with no rights of way, restrictive covenants or onerous clauses likely to affect value.
- We assume the Properties each have a marketable planning permission for their current use.
- UK chicken consumption is up year on year, with the UK passing the 1.0 billion threshold of the number of birds grown in the UK. Growth is set to increase as price sensitive consumers seek a high protein meat source.
- Recent spikes in building construction costs have put upward pressure on market values and rents for Grade A stock, this is likely to filter through to increases in second-hand stock.
- Demand for modern, high quality, broiler farms such as this, in a location close to major processing factories, with good access to the UK motorway network would be strong, if brought to the market with vacant possession.
- The SWOT analysis below summarises the Portfolio from a secured lending perspective.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Well laid out refurbished farms, efficient and fit for purpose. • The size and configuration of the farms create operational efficiencies and economies of scale. 	<ul style="list-style-type: none"> • The farms are dated (although refurbished in 2008/2009) and will need annual repair and maintenance. • The poultry sector is not a recognised investment opportunity if sold subject to a lease.

<ul style="list-style-type: none"> • The portfolio offers a considerable amount of poultry floorspace offering a potential purchaser the ability to increase market share in an expanding supply chain. • Well located farms with good access to road links. • Good locations for poultry industry and close to 2 Sisters Food Group processing factories • High bird welfare standards with windows fitted in all sheds. • Recently renewed lease (expiring in May 2029) to a tenant of good covenant strength at market rents. 	<ul style="list-style-type: none"> • Limited market for the whole portfolio due to few competing purchasers. • Sales with vacant possession may be more appealing to a wider audience. • The farms do not have any form of dry renewable heat (i.e. biomass heaters).
<div style="display: flex; justify-content: space-between;"> OPPORTUNITIES THREATS </div>	
<ul style="list-style-type: none"> • Continued population growth (65m to 75m) increases demand – market could continue to grow by 1-2% per annum over next 3 years. • Continuing consumer demand for healthy, value for money, protein. In excess of 1 billion birds grown (UK fresh) in 2020. • Restricted supply of good quality accommodation in open countryside supports values due to difficulty obtaining planning permissions on Greenfield sites • Costs of installing infrastructure on Greenfield sites restricts supply and enhances value of existing farms • UK processors taking increase market share from overseas imports • Increased demand from service food sector and Halal for UK fresh chicken, not imported frozen. • Bans on thinning (the process of removing some birds part way through the growing period to reduce stocking densities for the existing birds) and the imposition of lower stocking densities could create demand for more space to grow same amount of birds. • A relatively positive Brexit outcome (albeit with some teething problems) provides business stability and the confidence to invest in growth 	<ul style="list-style-type: none"> • Inflationary pressure on production costs particularly from increased feed costs and fuel costs coupled with the supermarkets drive to keep prices low continues to put a strain on profitability. • Upscaling Processors - Avara has been formed out of Faccenda/Cranberry and Cargill. Chesterfield has acquired Banham Poultry. Cranswick has acquired Crown. Reduced number of processors/integrators limits market for portfolio • Increasing legislation relating to bird welfare/stocking densities/environmental and ethical practices – The Better Chicken Campaign. • Increased pressure to provide renewable technology on farms. • Planning legislation can be more restrictive in certain areas. • Meat substitutes and changes in eating habits may mean a move away from meat. • Outbreaks of disease (especially Avian Influenza) are an ever- increasing threat to the poultry industry, with biosecurity measures becoming more stringent. • Use of antibiotics in the food chain will reduce. • Constant public focus on bird welfare standards.

• Valuations

No.	Title No.	Property Name	Address	Productive Space (sq.ft.)	Market Rent (£pa)	Market Value Subject to Lease	Market Value Subject to Lease (90day Sale)	Market Value with VP	Estimated Reinstatement Value
1	NK172789	Forest Farm	Shingham Road, Beachamwell, Swaffham, Norfolk PE3 7AY	92,462	175,000	1,630,000	1,145,000	1,600,000*	3,095,000
2	SK207689 SK179871	White Gates Farm	Old Newton IP14 4ED	93,979	187,500	1,715,000	1,200,000	1,875,000	3,240,000
3	SK207694	Crowborough Farm	Ashfield, Suffolk IP14 6LZ	92,697	185,000	1,650,000	1,165,000	1,775,000	3,045,000
4	SK207693	Eldens Lane Farm	Cotton, Mendlesham IP14 5TG	93,397	187,000	1,670,000	1,170,000	1,800,000	3,090,000
5	SK207690	Holly Bank Farm	Daisy Green, Wickham Skeith IP23 8NB	93,880	187,500	1,720,000	1,200,000	1,900,000	3,100,000
6	SK207691	Lovelace Farm	Allwood Green, Rickinghall, Suffolk IP22 1LX	94,784	190,000	1,690,000	1,185,000	1,815,000	3,125,000
7	SK207692	Old Hundred Lane Farm	Mendlesham Green, Suffolk IP14 5TF	93,384	187,000	1,660,000	1,165,000	1,790,000	3,090,000
				654,583	1,299,000	11,735,000	8,230,000	12,555,000	21,785,000

*Our valuation is based on the property in its existing condition and excludes the planned works to upgrade the feeding and drinking systems.

This Executive Summary must be read alongside the following report.

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LETTER OF INSTRUCTION

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COPY OF RENEWED FBT & LEASE SUMMARY

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SCHEDULE OF COMPARABLE EVIDENCE

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SUMMARY SCHEDULE OF VALUES

1.0 Instruction

- 1.1 We have received instructions from Brian Bartaby on behalf of Proplend Security Limited ('the Security Trustee') in an instruction letter attached to an email dated 30 August 2022 to prepare a report and valuation of a portfolio of seven poultry farms ('the Portfolio'). The Portfolio is held as an investment by the Security Trustee's Customer, Rannoch Food Group Limited ('the Borrower'). A copy of the Security Trustee's letter of instruction is attached in Appendix 1 together with a copy of our email correspondence confirming the instruction dated 31 August 2022.
- 1.2 This valuation is required for secured lending purposes.
- 1.3 The Portfolio comprises the following properties:
- Lovelace Farm, Allwood Green, Rickingham, Suffolk, IP22 1LX
 - Old Hundred Lane Farm, Mendlesham Green, Suffolk, IP14 5TF
 - Crowborough Farm, Ashfield, Suffolk IP14 6LZ
 - Forest Farm, Shingham Road, Beachamwell, Swafham, Norfolk, PE3 7AY
 - Eldens Lane Farm, Cotton, Mendlesham IP14 5TG
 - Hollybank Farm, Daisy Green, Wickham Skeith IP23 8NB
 - White Gates Farm, Old Newton IP14 4ED (the Properties')
- 1.4 The Properties are occupied by Hook 2 Sisters (H2S) under the terms of five-year leases which are due to expire in 2024. The leases have recently been renewed for a term of five years with a commencement date of 1st June 2024.
- 1.5 This report has been prepared in accordance with the provisions of the RICS Valuation - Global Standards (effective from 31 January 2022) incorporating the IVSC International Valuation Standards and the UK national supplement ('the Red Book') issued by the Royal Institution of Chartered Surveyors, on the basis of the Market Value of the freehold interest. Reference will be made in this report to the sources of information used to form our opinion of value.
- 1.6 We are satisfied that there is no conflict of interest, however, we confirm that the Portfolio was previously valued by Bidwells in June 2018, on behalf of Rannoch Food Group Ltd Pension Scheme Trustees, to assist with their strategic planning with particular reference to the lease renewals, which were expiring in December 2018. The Security Trustee have confirmed that they are satisfied for us to proceed on this basis.
- 1.7 The report has been prepared by Sharon Dooley, MRICS who is an RICS Registered Valuer and is qualified, competent and experienced to undertake valuations of this type and in this location. The valuer has acted in accordance with Professional Standard 2 in the RICS Valuation – Global Standards which relates to ethics, competency, objectivity and disclosures.

- 1.8 The Portfolio was inspected on 7 September 2022. The valuer made every effort to visually inspect as much of the interior and exterior of the Portfolio and the land within the ownership as was readily accessible without undue difficulty or risk to personal safety. External inspection was limited to a ground floor level inspection only.
- 1.9 Due to current stringent biosecurity measures we were unable to access and view the interior of all the poultry houses. We viewed the interior of the poultry houses at Whitegates Farm, Old Newton, which we understand is a fair representation of the standard of the interior of the poultry houses across the Portfolio.
- 1.10 Where possible we entered the dwellings to assess their condition and to take internal measurements to calculate the floor areas. In some circumstances we were unable to gain internal access due to staff sickness and staff holidays.
- 1.11 The photographs of the Properties in this report were taken on the day of our inspection.
- 1.12 The valuation date is the date of this report.
- 1.13 The valuation will be reported in pounds sterling.
- 1.14 We confirm that we have professional indemnity insurance on a per claim basis sufficient for this valuation.
- 1.15 Bidwells operates a complaint handling procedure, a copy of which is available on request. The valuation may be subject to monitoring under the RICS' Conduct and Disciplinary Regulations.
- 1.16 In our valuations, we have adopted Productive Floor Areas for the farms (referred to in the poultry industry as the Productive Area) based on measured surveys undertaken by Bidwells in 2018 and check measurements taken during our recent inspections.
- 1.17 The definition of the Productive Area provided in our table below, are the floor areas occupied by the birds in the poultry houses and excludes control room, staff, storerooms and other ancillary buildings on the farms.
- 1.18 Where possible we have measured the farm manager's dwellings on the inside. In some instances, we have relied on floor plans provided to us by Rannoch, and we have taken external check measurements to satisfy ourselves of their accuracy.

2.0 Location

- 2.1 Six of the properties are located in Suffolk and one in Norfolk.
- 2.2 A location and site plan for each of the Properties is provided in Sections 1-7.

3.0 Description

- 3.1 We have described each farm in detail in Sections 1-7 of this report.
- 3.2 In each section of this report (sections 1-7) we provide a Bidwells site plan with the site edged red (or, shaded pink) and where available the Land Registry Title plan.

4.0 Accommodation

- 4.1 The broiler houses were constructed in the 1980's but substantially refurbished in 2008/9. They have a concrete floor and are timber frame (posted) buildings with block or concrete dwarf walls around the edges, insulated weatherboard or sheet timber elevations with metal or timber panel internal linings and profile metal clad pitched roofs.
- 4.2 Internally, the buildings have a work room with computerised environmental control panel and alarm systems for monitoring power, ventilation, temperature, light, feed and water.
- 4.3 The buildings have lines of nipple drinkers, augur fed pan or track feeders, pelmet lights, and Maywick brooders and Hired Hands (warm air blowers). The poultry houses have side or ridge extraction fans with tunnel ventilation fans for periods of extreme heat.
- 4.4 The poultry houses are fitted with modern welfare windows with manual winched shutters, equating to 6-7% of floorspace, which exceeds current industry requirements.
- 4.5 Outside, the majority of the buildings have concrete aprons at one end and sometimes around other parts of the farm. Others have compacted hardcore external surfaces. Each building will have one or two feed bins typically ranging in size from 8 – 18 tonnes.
- 4.6 Most sites have a mains water and electricity supply. Most have concrete bases for siting of LPG gas tanks. The waste water (effluent) runs into underground holding tanks and is taken away by tankers. Each farm has a back-up generator in the event of power failure.
- 4.7 The dwellings usually have septic tanks or private foul drainage and oil or gas fired central heating.
- 4.8 At the gated entrance, each farm usually has a free standing, timber shed on a concrete base used as a reception for visitor signing in and the provision of clothing and footwear to maintain bio security.
- 4.9 The farms have purpose-built reception/staff blocks which include an office, male and female WC's, storage and restroom. These are constructed with concrete floor, painted block, timber or metal clad elevations under pitch profile metal clad roof with timber or UPVC double glazed windows. Inside they are finished to a basic specification with concrete floors and painted internal block walls, electric wall heaters and strip or domestic light fittings.

Recent Improvements to the Portfolio

- 4.10 Since our previous valuation, the farms have been upgraded by the Borrower to allow the tenant, Hook 2 Sisters, to grow chickens for the Marks & Spencer's product range known as 'Oakham Gold'. In line with The Better Chicken Campaign, M & S has committed to being the first national retailer to sell only slower-reared, higher welfare standard fresh chicken. The RSPCA Assured scheme allows birds 20% more space than standard growing accommodation and provides an enhanced environment to include pecking aids and perches.
- 4.11 As part of the transition to Oakham Gold compliant farms, the Borrower has replaced the feeding equipment with modern pan feeders and nipple drinking systems in all the farms (except Forest Farm). Following depletion of the current crop of birds, works are scheduled at Forest Farm to remove the old chain feeders, drinkers and silos and replace with new.
- 4.12 The Borrower intends to replace the existing light fittings within the poultry houses to provide modern energy efficient LED lights with dimmer switches. We understand from the Borrower that recent price quotations for the new light installations are in the region of £250,000 - £275,000 (total for all farms).
- 4.13 Additional minor completed works to the farms include the installation (where necessary) of some new protective barriers, the improving/ expanding of the concreted aprons near to the control rooms to improve hygiene and bio-security measures, and some drainage improvements for the removal of waste during washout at Whitegates Farm.

Dwellings

- 4.14 Most of the farms have a farm manager's bungalow or house which is let to an employee. The dwellings are often subject to an agricultural occupancy restriction. Some farms include some surplus agricultural or paddock land.
- 4.15 The majority of the dwellings are bungalows that have been built to a corporate size and standard, with the exception of the dwelling Whitegates Farm and Forest Farm, which have large bespoke dwellings. They comprise cavity brick walls under a pitched tile roof with UPVC double glazed windows. Most have three bedrooms, kitchen, combined lounge/diner, hallway and family bathroom. Outside there is a garden and sometimes a garage. They are centrally heated with calor gas or oil and usually have a private foul drainage system.

5.0 Condition

- 5.1 We are not instructed to carry out a structural survey of the Properties. On inspection, we noted that the farms were generally in a good state of repair given their age and specification. Ongoing annual maintenance programmes will be required to ensure the farms are fit for purpose.
- 5.2 During our inspection of the bungalow at Crowborough Farm we noted some cracking to the mortar joints on the external brickwork on the north-eastern corner of the bungalow and some internal cracking. The occupier confirmed that the cracking was relatively new and recent. We anticipate that due to a particularly dry summer and the close proximity of a large tree in the garden, changing ground conditions have caused some movement to the bungalow.

- 5.3 Our valuation assumes the Properties are in sound structural condition, contain no deleterious materials and that the services function adequately.

Asbestos

- 5.4 Every non-domestic building is required to have an asbestos survey. The results of that survey are then used to assess the risk and a management plan needs to be produced on how asbestos is to be managed and a timetable formulated of timings to dispose of the asbestos that is assessed to be the most risk to health. We have not been provided with a copy of the asbestos survey, asbestos management plan or documentation confirming that the requirements of the plan have been carried out e.g. removal and disposal certificates.
- 5.5 Any reasonable purchaser seeking to acquire the Properties would want to see a copy of the above documentation and we would recommend that this documentation be compiled so it is available in the event of a sale.
- 5.6 The outcome of the asbestos survey may have an adverse impact on the value of the Properties. For the purpose of this report, we have assumed that the Properties are free from asbestos to an extent that may have an adverse impact on its marketability or value.

Equality Act 2010

- 5.7 The Properties are to be used as broiler farms. The Equality Act brought together a number of pieces of Legislation into a single Act designed to create equal opportunity for all. Under this legislation it is unlawful for service providers, Landlords, and employers to discriminate against disabled people and other minority groups in particular circumstances.
- 5.8 We have assumed that the occupier will undertake the appropriate access audits (if required) and that the outcome of the audit will not have an adverse impact on the valuation now provided.

Composite Panels

- 5.9 It is possible (but unlikely) that some of the farms may have composite insulation panel cladding to the roof and walls. On inspection, we were unable to identify what material is used in the core as the insulation layer. It is known that certain types of insulation in some composite panels represent a heightened fire risk. Once such a fire has started, the likelihood of it spreading fast and causing severe loss increases, due to the behaviour of the materials. The result is that many insurance companies are inclined to refuse insurance cover, charge higher premiums or offer cover at a price provided certain risk management initiatives are undertaken.
- 5.10 We consider that the occupier is best advised to identify the type of insulation material in their property and to use an expert insurance broker to place cover. Should the insulation material be highly combustible, this may result in remedial works, including the potential for recladding the building and this could have a negative impact on value.
- 5.11 We do not believe this is likely to be an issue with the Portfolio.

6.0 Statutory Enquiries

Town Planning

- 6.1 We have not made verbal or written enquiries of the Local Planning Authority but we have researched the relevant online planning portals and we have assumed that all the farms have a satisfactory planning permission for their existing use and any conditions relating to the planning permissions have been complied with.
- 6.2 We have been informed by Rannoch and Hook 2 Sisters that where the farms have been developed or extended to provide more facilities, they all have the benefit of all the necessary planning permissions relating to these developments and that the use of all the farms is permitted under the Town and Country Planning Legislation and there are no Enforcement Notices or restrictions affecting the current use of the Properties.
- 6.3 We have assumed that the bungalows and houses adjacent to the farms are subject to agricultural occupancy restrictions and we have discounted their value from our opinion of Market Value with vacant possession to reflect this.
- 6.4 We are not aware of any development proposals in the immediate vicinity which would have a material effect on the Properties.
- 6.5 We are unable to comment on whether the buildings at the Properties comply with Building Regulations.

Fire Risk Assessment

- 6.6 We have not seen the fire risk assessment for the farms. For the purposes of this valuation we have assumed that the assessments have been undertaken and are being complied with.

Access

- 6.7 We have assumed that the roads leading up to the entrances of each of the farms are adopted highways.
- 6.8 However, there are occasions (Holly Bank Farm, Wickham Skeith, Eldon's Lane Farm, Mendlesham and Forest Farm, Beachamwell for example) where there are shared private drives leading to the farms from the public highway. In these instances, we have assumed Rannoch and its successors in title have an unencumbered right of way at all times, for all purposes to access the farms.
- 6.9 There may be occasions where Rannoch are required to contribute a fair proportion to the cost of repairing and maintaining the roads and services to a satisfactory standard in common with other users.

- 6.10 We assume that where the services to the farms cross third party owned land (mains water and electricity) the farms have rights to access, repair and maintain and (if necessary) contribute a fair proportion to the upkeep of the services.

Business Rates and Council Tax

- 6.11 The farms are deemed as agricultural and are not liable to a rating assessment.
- 6.12 We have provided the Council Tax banding for each dwelling in the table below.

REFERENCE	COUNCIL TAX BANDING
Forest Farm	A
White Gates Farm	C
Crowborough Farm	C
Eldens Lane Farm	B
Holly Bank Farm	B
Lovelace Farm	B
Old Hundred Farm	B

7.0 Services

- 7.1 The farms have the benefit of mains electricity and water (some borehole) and a private foul drainage system. There is no mains gas.
- 7.2 We have not received a report on the services and have assumed that there are no material defects that would have an adverse impact on the valuation.

8.0 Energy Performance Certificates

- 8.1 Under the provisions of the Energy Act 2011 most commercial property bought, sold or let must undergo assessment by an accredited specialist who prepares an Energy Performance Certificate (EPC), categorising the building's energy efficiency in a band from A to G. An EPC is valid for ten years.
- 8.2 In 2015, the Energy Efficiency (Private Rented Property) (England & Wales) Regulations, - introduced under the Energy Act 2011 - brought in to force the Minimum Energy Efficiency Standards (MEES). These made it unlawful to rent out and re-let premises with an EPC rating below a minimum level of E from 1 April 2018. The legislation was extended to cover existing lettings of residential properties in April 2020 and will extend to commercial properties in April 2023.

- 8.3 More efficient energy rating requirements are expected with the government proposing further changes which are currently subject to consultation. It looks likely that by April 2030 all commercial properties will be required to have an EPC rating of B or above before being let, subject to certain exemptions. It is also possible that an interim standard of an EPC rating of C or above will be imposed from April 2027. For residential lettings, from 2025 newly rented properties are expected to require a certification of C or above, with existing tenancies having until 2028 to comply.
- 8.4 The regulations do not apply to leases granted for a term of 99 years or more, or 6 months or less, subject to caveats relating to successive short-term tenancies.
- 8.5 Whilst there are exemptions for the majority of "agricultural" properties including residential agricultural properties which do not produce much energy, our understanding is that the key requirement for a property to need an EPC is whether *"it is a roofed construction having walls, for which energy is used to condition the indoor climate"*.
- 8.6 Our experience from speaking to a number of the major participants in the industry is that the majority do not believe EPCs are required, and they have not commissioned them for their poultry buildings.
- 8.7 The comparable evidence that we have obtained is typically for poultry buildings with no EPC's.
- 8.8 We have downloaded the Energy Performance Certificates from <https://www.gov.uk/find-energy-certificate> and confirm the following EPC Ratings for the onsite dwellings:

REFERENCE	RATING	EXPIRY DATE
Forest Farm	E	15 March 2031
White Gates Farm	E	16 February 2031
Crowborough Farm	F	19 April 2032
Eldens Lane Farm	E	9 June 2032
Holly Bank Farm	E	15 February 2031
Lovelace Farm	E	17 May 2032
Old Hundred Farm	E	23 June 2026

- 8.9 The existing EPC certificates indicate that the dwellings fall within the current acceptable energy performance range for the purposes of the regulations under the Energy Act 2011, with the exception of the dwelling at Crowborough Farm (which has an F rating). However, the method of assessment may have changed since the EPC certificate was issued and on renewal of the EPC the rating may change. In light of the proposed changes (for implementation in 2025) to require a certification of C or above we would suggest that the Borrower revisits the EPCs to assess the likely implications and potential capital expenditure required for compliance. We have assessed the risks to value moving forward in the light of the current EPC rating and any risks relating to a future re-rating of the asset.

- 8.10 Our valuation reflects the fact that a strategy of improvement will be required in order to bring the dwelling at Crowborough Farm up to the current minimum required energy performance standards. However, it should be noted that we have not obtained or received cost estimates for these improvement works, and any allowance made is necessarily approximate.
- 8.11 Failure to comply with the regulations will result in financial penalties based on the rateable value of the building.

9.0 Environmental Issues

Site and Ground Conditions

- 9.1 We have not undertaken any surveys of the ground on which the buildings stand. We have not received any information regarding historical site and ground conditions.
- 9.2 There were no indications on our site visit of any adverse ground conditions, and we have assumed that such conditions do not exist and will not have an effect on the future marketability of the farms.

Contamination

- 9.3 We are not qualified to carry out a formal environmental audit of the Portfolio. Our inspection was of a limited visual nature only and no investigations have been undertaken to determine whether the Properties or the ground on which the Properties are sited is, or has in the past, been contaminated or polluted by any naturally occurring or man-made substances, forces or organisms including invasive plant species such as Japanese Knotweed, or any combination of these, whether permanent or transitory and however occurring.
- 9.4 No indications of invasive plants or species were noted during our inspection. However, the inspection was only of a limited visual nature and we cannot give any assurances that these species are not on site or in the surrounding areas. In the event of contamination by invasive species and plants being discovered further specialist advice should be obtained. For the purposes of our valuation we have assumed that no such contamination exists. However, should it be established subsequently that contamination exists at the property or on any neighbouring land this might reduce the values now reported.
- 9.5 In the absence of any indication to the contrary we have prepared our valuation on the basis that the Properties are not contaminated to an extent sufficient to affect value. In the event of contamination being discovered, further specialist advice should be obtained. Should it be established that contamination does exist, this might reduce the value now reported.

Flooding

- 9.6 The risk of flooding can arise from proximity to a water course, such as a river or the sea, or from heavy rainfall where the drain and sewer facilities are inadequate.

- 9.7 The Environment Agency website uses indicative flood maps to provide a general overview of land in flood plains and therefore potentially at risk of flooding by river or sea. In preparing this report, we have referred to the Environment Agency's maps and note that the Properties fall within areas of Very Low Risk. Individual flood maps obtained from The Environment Agency website are included within the individual property section.
- 9.8 The Environment Agency also provides indicative maps showing areas at risk of flooding from pluvial sources, relating to surface water drainage and groundwater. Detailed information on surface water flooding is not available without commissioning a site-specific survey. For the purpose of this report we have assumed that, unless advised to the contrary, the Properties are not at risk of pluvial flooding, relating to surface water drainage or groundwater.

Masts and Power Lines

- 9.9 Some of the properties may have high voltage overhead power lines within the vicinity of the property and some farms may be required to maintain trees/foliage to avoid interference with overhead telecommunication/electricity cables. This may require annual cutting back of branches and general landscaping maintenance, but we do not consider this to have an adverse impact on value.

Radon

- 9.10 Radon is a naturally occurring radioactive gas that comes out of the ground. Out of doors it is diluted to very low levels but, in some cases, the radon levels indoors can build up to high concentrations which pose a serious risk to health.
- 9.11 Employers are required by law to assess risks to their staff whilst at work. This should include potential radon exposure and usually requires testing in any workplace in radon affected areas. The Health Protection Agency recommends that action is taken where levels in homes rise above a specified concentration known as the Action Level.
- 9.12 With regard to the Properties, we have referred to the indicative Atlas of Radon in England & Wales, published on the Health Protection Agency website. On this map the probability of properties in these areas being above the Action Level within 0-1%, extracts of the radon map are included within the individual property sections.

General

- 9.13 An environmental permit is required if an industrial installation uses facilities which carry out processes such as refineries, food and drink factories or intensive farming activities (e.g. large-scale chicken farms). All the farms in the Portfolio have ERP accreditation as they house over 40,000 birds.

10.0 Tenure

- 10.1 We have not had sight of the Title Deeds nor had a copy of the Report on Title for the farms. We have made enquiries at Land Registry online and identified that the farms are held freehold and registered to Rannoch Food Group Limited. The Title Numbers are listed in the table contained within the Executive Summary.

- 10.2 The Title summaries obtained from Land Registry online note that the Titles have applications pending against them. We understand that this is in relation to the lease renewals which have recently been agreed.
- 10.3 We have cross referenced the Land Registry plans for each property against our understanding of Rannoch’s occupation on the ground and found these to be consistent.
- 10.4 We have provided Land Registry Title Plans and Bidwells plans in the individual sections of this report.
- 10.5 We have assumed that the farms comprise those areas edged in colour on the attached plans and benefit from an unencumbered freehold title with no restrictive covenants, rights of way or onerous clauses likely to have an adverse impact on the value.
- 10.6 We advise that the Bank obtain legal advice from their solicitor on title matters given that we are not qualified to provide legal advice and have had to make assumptions. The legal advice may have an impact on the valuation now provided.

11.0 Occupational Leases and Other Agreements

- 11.1 The farms are occupied by Hook 2 Sisters. We have not been provided with a copy of the existing tenancy agreements. However, we understand from the Borrower that the existing agreements end in May 2024 and are of the same format as the newly renewed agreements. The current passing rents and the agreed rents commencing in June 2024 are listed in the table below:

PROPERTY	CURRENT RENT (PA)	RENT FROM 01 JUNE 2024 (PA)
Forest Farm	£144,467	£188,622.48
White Gates Farm	£163,424	£164,463.25
Crowborough Farm	£162,665	£162,219.75
Eldens Lane Farm	£159,006	£163,444.75
Holly Bank Farm	£162,238	£164,290
Lovelace Farm	£162,237	£165,872
Old Hundred Farm	£161,523	£163,422
TOTAL	£1,115,560	£1,172,334.23

- 11.2 We have been provided with a copy of the newly renewed tenancy agreements for each farm, dated 12 August 2022, between Rannoch Food Group Limited (landlord) and Hook 2 Sisters Limited (tenant). A copy of the agreement for Crowborough Farm and our summary of the agreement are contained at Appendix 2. The lease for Crowborough Farm is indicative of the other leases in place on the other six farms which form part of this report.
- 11.3 The renewed lease is briefly summarised as follows:
- A term of 5 years with a commencement date of 1 June 2024 with 3 yearly rent reviews.

- The lease will continue (post lease expiry) unless terminated by either party serving not less than 1 year's notice, to expire on an anniversary of the commencement date.
- It is a Farm Business Tenancy (FBT) within the Agricultural Tenancy Act 1995.
- It is on full repairing and insuring terms.
- The tenant is permitted to assign and underlet the whole of the property with landlords consent not to be reasonably withheld (subject to conditions).
- There is a prohibition on assigning or sub-letting parts only.
- The tenant is permitted to carry out alterations with landlords consent not to be unreasonably withheld.
- The landlord takes responsibility for insuring the property, with the tenant paying 50% of the cost of the insurance premium.

11.4 Schedule 9 outlines the basis of the rent review. It notes that 'for the purpose of this schedule and for calculating and reviewing the rent generally, the parties agree that:

- The rent should be calculated on the basis of the net internal productive area (as defined in the lease) of the sheds on the holding.
- Subject at all times to Clause 16 and paragraph 3 below, the rent payable per year for the holding shall be £1.75 per sq.ft. of the net internal productive area of the sheds on the holding.
- Subject at all times to Clause 16, the total rent payable in respect of the holding will be aggregate of the amounts payable in respect of all the sheds on the holding as calculated in accordance with the agreement from time to time.'

11.5 We understand from the Borrower that the agreed rent for Forest Farm payable under the terms of the renewed lease is dependant on the Borrower undertaking some improvement works to the farm to replace and upgrade the feeding and drinking systems. The works are required by the tenant to compile with the M & S requirements for Oakham Gold Farms. The works are scheduled to be undertaken after depletion of the current crop of birds.

11.6 The tenant is responsible for all outgoing to include rates, taxes, charges, duties, assessments, impositions and outgoing of any sort at any time during the term payable, whether by the owner or the occupier of the property includes charges for electricity, gas, water, sewerage, telecommunications and other services.

11.7 The tenant can let the dwellings on the farms to persons working full time on the holding, on the basis of a service occupancy licence or an assured short-hold tenancy, provided it does not confer security of tenure for any period following expiry of the term. The lease stipulates that the tenant will not be required to recover possession of any dwellings on termination of the term where the occupant has security of tenure under the provisions of the Rent (Agriculture) Act 1976, or the Housing Act 1988 Section 25 before the Tenant first took possession of the Holding.

Sub-lettings of the dwellings and surplus land

- 11.8 We understand that the dwellings are all occupied by employees of Hook 2 Sisters. We have assumed the employee's occupation is by way of an Assured Shorthold Tenancy (AST) and that a valid Form 9 Notice has been issued to the tenant prior to the commencement of the tenancy to prevent the creation of an Assured Agricultural Occupancy whereby the tenant would become a protected occupier. This notice allows the landlord to regain possession via a Section 21 notice.
- 11.9 We have not been provided with copies of the occupational agreements for the dwellings. For the purposes of our valuation, we have assumed that vacant possession could be obtained at expiry of the FBT's to Hook 2 Sisters, and that no security of tenure has been obtained. If this is not the case the valuation figure reported may be affected.
- 11.10 We have assumed that any agricultural or paddock land which adjoins some of the farms is either vacant or subject to informal grazing licences and vacant possession can be obtained in a short period of time.

12.0 Market Trends and General Comments

- 12.1 The RICS UK Economy and Property Market Update May 2022, states that:
Recession fears grow as interest rates rise to combat accelerating inflation.

Summary

A further worsening in the inflation environment is increasing pressure on the Bank of England to tighten monetary policy. This is leading to a downgrading of growth expectations with the economy widely anticipated to flirt with outright recession over the next eighteen months. For now, both the real estate sector and construction appear to be displaying a considerable degree of resilience but some shift in tone would not be a surprise as the macro news flow continues to deteriorate.

Economy

The shift in the tone regarding the economic outlook has been quite dramatic as inflationary pressures continue to worsen. The Bank of England in its latest update acknowledged that the economy will flirt with recession in the coming quarters and, indeed, it anticipates precious little growth over the coming years. High frequency data around the household sector emphasises the impact of recent developments with the closely watched GfK measure of consumer confidence falling to its lowest level since the global financial crisis.

The tightening in policy is viewed as likely to gradually begin to reverse the adverse trend in inflation but the Bank assumes that the CPI measure will hit a high of 10% first and then only return to the 2% target by the middle of 2024. Perhaps inevitably against this backdrop, it is projected that the labour market will begin to soften as the economy falters and that as a result, the talk of skill shortages that currently prevails will give way to rising unemployment which could climb towards the 5.5% area (from under 4% at present).

In the face of these headwinds, one area of potential support for the economy could come from the corporate sector which has amassed a huge cash pile through the pandemic. The sum involved is equivalent to 50% of investment in a “normal” year. Whether business will feel minded to put this capital to work in such hostile macro conditions is open to question but it is a plausible scenario with the appropriate incentives. This raises the question of whether the government will intervene to encourage such a response; the current 130% super-deduction capital allowance on qualifying plant and machinery investments which runs until next March may be extended or replaced with a not dissimilar measure.

Significantly, although the Chancellor made a commitment to lower debt as a share of GDP in the autumn budget (from 2024 onwards), it is likely that this laudible goal will be subsumed by events. And critically, while the level of UK public debt is not low at around 90% of GDP, there appears to be more room for a budget stimulus than many other countries.

In terms of the interest rate outlook, the downbeat analysis from the Bank has fuelled speculation that the tightening in policy may not need to be quite so pronounced as previously envisaged. Money market sentiment has shifted around the May meeting of the Monetary Policy Committee. That said, there remains considerable uncertainty as to the effectiveness of monetary policy in combatting cost-driven inflation, highlighting the potential upside risk on interest rates.

Commercial Property

Sentiment towards real estate continues to improve despite the increasing macro and geopolitical concerns. Significantly, the Q1 RICS Investment Sentiment Index rose to +18%, its best read since the early part of 2017. Meanwhile, the Occupier Sentiment Index recorded a more substantive gain compared with the final three months of 2021, jumping from +4% to +16%. These trends are reflected in data from CBRE showing capital values (in aggregate) rising by 3.9% over the period and yields continuing to edge lower.

Inevitably, there continues to be a strong sector skew to the performance of the market with industrials/logistics still keenly sought after even at higher prices while data centres and multifamily are also still attracting considerable interest. But alongside this, there are now signs emerging of an improving picture for parts of the office sector and even retail. The RICS occupier demand metric for the former shows a positive net balance of +30%, while the comparable figure for the whole of the retail sector is -1% (the least negative result since the early part of 2017).

Significantly, the better tone to the retail numbers is evident both in Savills data tracking yield developments and in the CBRE data on pricing. In the former, the latest insights show high street retail yields slipping from 6.75% last year to 6.25% currently, with retail warehouses dropping to 4.75%. Shopping centres in general remain a little more challenging with Savills numbers putting the average yield unchanged at 7.5%. The RICS Investment Enquiries series for the aggregated retail sector against CBRE capital values. Of course, none of this is to downplay the ongoing structural and occupational issues besetting parts of the sector, while the macro risks remain significant with discretionary spending likely to come under increasing pressure this year (as a result of the uplift in inflation). It does, nevertheless, still point to some light at the end of the tunnel.

Meanwhile, the latest numbers on investment activity in the sector show transaction were firm in the first three months of the year driven by industrials/logistics and central London offices. Quarterly volumes were up 43% compared with same period of 2021 although deal numbers showed a more modest gain (10%). The twelve month rolling average of activity has now climbed back to where it was in the early part of 2019.

Residential Property

In the face of the ominous warnings about the outlook for the economy and the hit to consumer confidence, housing market indicators remain resilient for the time being. Both the Nationwide and Halifax price indices continue to post double-digit annual gains, albeit in the case of the former, there does appear to be some slowing in momentum. Meanwhile, the Zoopla and the RICS measures of buyer interest are still showing broadly positive trends. The RICS New Buyer Enquiries series is in net balance terms. While the reading is down from the stamp duty break fuelled numbers recorded over much of the past two years, it is still pointing to solid levels of appetite from potential purchasers. Whether this is the lull before the storm remains to be seen.

Official data show the average quoted rate for a two-year fixed-rate mortgage (75% loan-to-value ratio) has climbed to 2.35% (prior to the last interest rate rise) compared with 2.11% in March and 1.29% six months ago. Moreover, the spread between the benchmark mortgage rate and the two-year OIS rate (a good proxy for the cost of wholesale funds) in April was just 19bp, well below its 105bp average in the second half of the 2010s. Given the more risky environment, lenders are likely to increase this adding to the cost of mortgage finance.

Meanwhile, the feedback to the RICS survey suggests that rental demand is continuing to rise very strongly leading to a growing gap with available supply. The result of this is further upward pressure on rent expectations (which are at an all-time high for the series). Whether this is sustainable as the cost of living squeeze intensifies is open to question but the imbalance between demand and supply suggests that it might well be.

The consensus view on the housing market is for modest price gains over the next few years (despite the economic climate) but a flatter trend in transactions. The risk of something more deleterious lies in the possibility that a more significant rise in interest rates is needed to bring inflation under control. In these circumstances, it is conceivable that unemployment will rise beyond the 5.5% area projected by the Bank of England leading to greater pressure on homeowners and shows how an uplift in repossessions has in the past impacted on house prices. However, after the experience of the early 1990s, it is implausible that the government wouldn't intervene (as it has done subsequently) to ameliorate the fallout.

Construction

Official data tracking construction output shows healthy gains through the first quarter of the year with the volume of activity now almost 4% above its pre-pandemic level (February 2020). This is also reflected in RICS current workloads data (measured in net balance terms). What is particularly striking about the latter is the broad based nature of the growth. While sentiment is particularly positive about infrastructure unsurprisingly, it is evident that the mood around development in the commercial space has gained some momentum in recent quarters. Significantly, this is also reflected in the forward looking metrics for workloads with strongly positive expectations in the feedback around both residential and non-residential activity.

The generally upbeat tone is also reflected in the monthly S&P Global/ CIPS PMI for the construction sector with the headline result for activity coming in at 58.2 (well above the fl at trend signalled by a read of 50). The expectations series from this survey also remains positive suggesting that for now at least, the sector doesn't appear unduly concerned by the interest rate hikes sanctioned or some of the downbeat macro commentary. Meanwhile, the most recent forecasts from the Construction Products Association show output expected to grow by 2.8 % this year (down from 4.3% previously) and by 2.2% in 2023.

At the present time, a key concern for the industry is rising building costs as material prices continue to soar; official data shows them to be 25% higher than a year ago. For some parts of the sector, access to construction products also continues to be a challenge. In addition, there are ongoing issues around labour scarcity with the issue around recruitment quite widespread, which shows the proportion of respondents to the Q1 RICS UK Construction Monitor who report shortages in each of these areas. Evidently, a healthy proportion of businesses are looking to increase investment in workforce development and training in response.

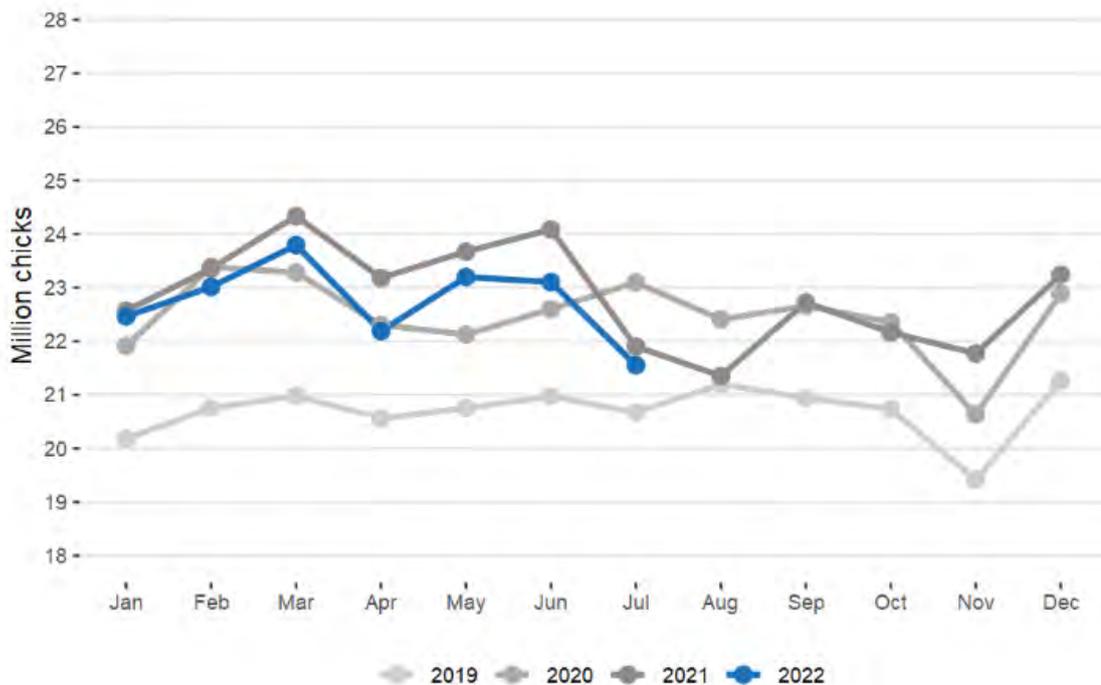
Projections for both tender prices and construction costs over the next twelve months suggests that while activity may remain resilient, at this point there is no suggestion that pressures linked to supply chains and labour will ease materially. This is also evident in the RICS indicator looking at expectations for profit margins over the next twelve months, which remains broadly flat.

The Poultry Market - Overview and Outlook

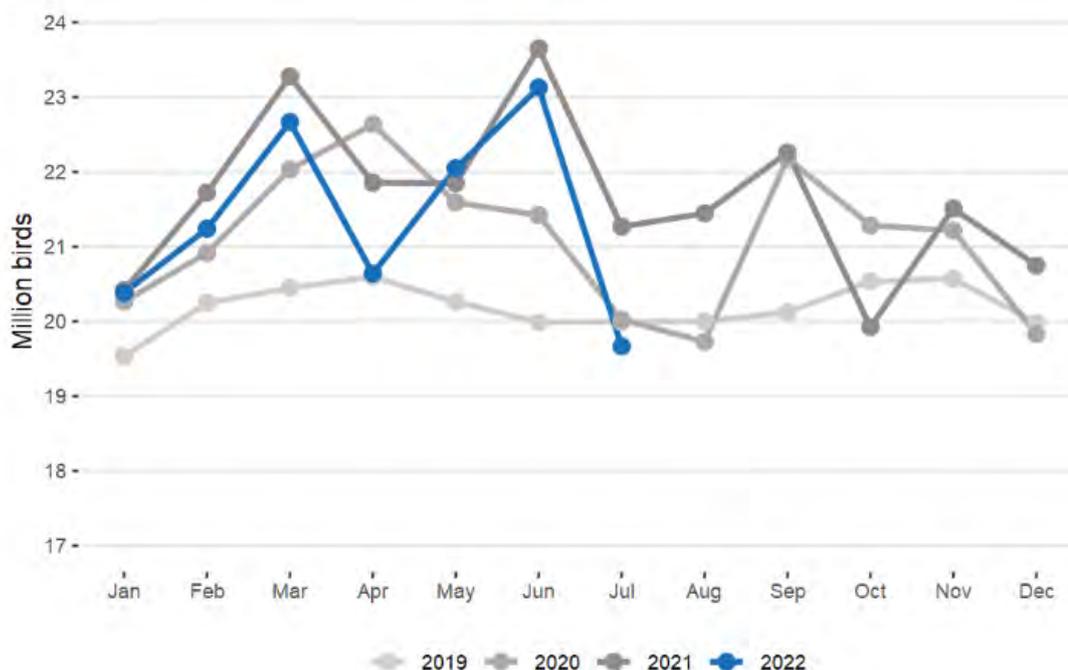
12.2 The UK Poultry and Poultry Meat Statistics produced by DEFRA state that the key results for **July 2022** in comparison to **July 2021** are as follows:

- UK broiler chick placings were down 1.6% at 107.8 million chicks
- UK broiler slaughterings were down 7.5% at 98.3 million birds
- Total UK poultry meat production was down 11% at 171.8 thousand tonnes

The table below shows the total number of broiler chicks placed per week by UK hatcheries.



The table below shows the average number of broilers slaughtered per week in the UK.



12.3 Recent research suggests the following:

- The population estimated to grow from 68.864m (September 2022) to 73.3m by 2037, which represents an increase of 6.44%.
- Sales of poultry meat in the UK continues to increase and continues to outperform other meat proteins (Kantar).
- Year on year fresh poultry has grown ahead of the market at 13.5% while eggs rose by 28.5%.
- Typically, up to 40% of chicken sales are of whole birds, 35% breasts, 23% dark meat and 5% ingredient.
- Global meat production is projected to continue growing over the coming decade (AHDB) with meat production set to increase by 13% by 2030. Overall increase is led by poultry production, set to rise by 17% by 2030.

12.4 Whilst the demand for poultry meat in the UK has remained robust, there continues to be a number of challenges facing the industry.

12.5 Higher welfare standards continue to be demanded from conscientious consumers. The NFU has raised significant concerns over the pressure that the Better Chicken Commitment (BCC) is placing on the food and poultry sector. The industry has made significant improvements in bird welfare which are often not recognised by activist groups. The NFU notes “poultry meat farms in the UK implement stocking densities that are far lower than the EU requirements, antibiotic use has declined by over 80% in the past six years in the poultry meat sector thanks to the support of responsible use principles which encourage the farmers and their vets to refine, replace and reduce antibiotics on farm, and advancements in genetics have resulted in bird health improvements.”

- 12.6 Improving higher welfare standards is often at the expense of climate footprint aspirations. The BCC requires a lower stocking density which as a trade-off increases carbon footprint. This is a challenging dilemma for producers.
- 12.7 A Red Tractor Assurance Scheme spokesman said broiler producers who already had 1% windows would now be given until October 2023. There were a number of examples of producers who had invested to provide windows equivalent to 1% of the floor area, and after consideration by the Red Tractor board it was decided to allow these producers more time to reach 3%. The board recognised that these businesses were already showing a commitment to push ahead to address consumer perceptions of poultry production but do need to come up to the same level as other scheme members are being asked to in a reasonable timeframe – in this case, October 2023.”
- 12.8 In 2021, Defra published its proposals for new Welfare in Transport measures. Following a consultation period, the government has removed part of its initial proposed plan to include vehicle loading and unloading in its planned maximum journey time of four hours for poultry. The new plans include measures to ban poultry journeys when the outside temperature is below 5C or above 25C. Both proposals are likely to have a major impact on the sector.
- 12.9 The UK is almost 100% self-sufficient in fresh supermarket chicken. The UK’s exit from the EU has been largely successful from a poultry perspective, with producers previously fearing that no-deal tariffs would have been crippling. However, labour shortages (particularly in the processing factories) have caused a supply issue. The labour shortages were exacerbated by the ‘Pingdemic’ and self-isolation rules imposed during the pandemic.
- 12.10 Feed prices have soared since Q1 2022 (due to the Ukrainian crisis) and with the risk of fertiliser shortages this problem is likely to continue for the foreseeable future. Coupled with the increasing cost of utilities such as gas, water and electricity profitability is being squeezed.
- 12.11 Planning is a constraining factor to the industry. Obtaining planning consent on greenfield sites is often very challenging. Sites with a planning precedent for poultry use command good values.
- 12.12 Recent price spikes and shortages in buildings materials are providing inflationary pressures on construction costs. We have already seen a corresponding increase in capital values and rental values achieved for brand new grade A stock. This is likely to also result in upward pressure on rents and capital values for second-hand accommodation.
- 12.13 Despite the challenges, the industry benefits from continuing consumer demand for healthy, value for money, protein, the growth of chicken consumption year on year continues to increase.

Comparable Evidence

- 12.14 We constantly monitor the market for transactional evidence. However, the number of poultry farms which trade on the open market is limited, with some transactions occurring off-market or as part of a company buy-out transaction.

- 12.15 In spring 2022 Bidwells launched The Farm, Old Buckenham, Norfolk to the market, guided at £2,600,000. The Farm comprises a broiler farm with seven poultry houses, totalling 11,676 sqm (125,680 sq ft), capacity for 240,000 birds, planning permission for a further 1,374.97 sqm (14,800 sq ft) poultry house, five bedroom detached manager's dwelling, further buildings, stables and 3.41 acres of paddock land. The broiler farm is currently let on a FBT until September 2024. Across the poultry house area, the guide price equates to £20.69 per sq ft overall. The farm received good interest and is under offer in excess of the guide price.
- 12.16 In September 2021, Woodview Farm, Enstone Oxfordshire, an ex-Faccenda farm, was brought to the market by Savills, guided at £5,000,000. Woodview Farm offers two 3-bedroom detached bungalows (subject to AOCs), eleven poultry sheds totalling 201,463 sq ft (productive floor area), ancillary storage buildings, and a 1,500kW poultry litter burning biomass boiler. The farm is currently under offer. The agents have confirmed that the agreed sale price is on or near to the guide price. Across the poultry house area, the guide price equates to £24.82 per sq ft. We are familiar with the farm and have analysed the sale price, to equate to £14 psf on the older floorspace (1980's built) and £23 psf on the newer floorspace (2016 built) after an allowance has been made for the two bungalows and the biomass.
- 12.17 Hall Farm in Langar, Nottinghamshire sold in summer 2021 for £2,700,000. The farm comprises a modern 150,000 bird unit with four poultry houses (totalling 77,400 sq.ft) built 2004 -2011, with biomass heating. Two dwellings and a range of agricultural buildings including a modern grain store. The sale completed in October 2021 and equated to approximately £20.00 per sq.ft after deductions are made for the dwellings and ancillary buildings.
- 12.18 Langley Burrell Farm in Wiltshire sold for £1.825m in 2020 significantly above the asking price of £1.5m. It comprised three poultry houses totalling 116,768 sqft of mid 1990's buildings on 10.84 acres with a three-bed detached house (subject to AOC), plus approximately 65,962 sqft (four poultry houses) requiring substantial refurbishment or demolition and rebuilding. This equates to £15.42 per sqft overall.
- 12.19 Skylark Farm near Bath, completed in late summer/autumn 2020 for £1,701,000, which was well in excess of the guide price of £1,500,000. The broiler farm provides four timber posted poultry houses (constructed in mid-1990's), providing 96,271 sq ft of accommodation, with a detached three bedroomed bungalow. The farm is heated via a 550kW biomass boiler, which was installed in 2017. The sale price equates to £16.60 per sq ft (including the biomass system), after an allowance has been made for the bungalow.
- 12.20 Two ex-Faccenda farms sold in late 2019/early 2020, in Banbury and Buckinghamshire. Thornhill Poultry farm in Singleborough, Buckinghamshire provides 11 poultry houses, totalling 94,173 sq ft, with two onsite bungalows (with AOC's). The guide price was £550,000. The sale completed at £581,000, which equates to £7.28 per sq ft overall. Farnborough Hill Poultry Farm, Banbury provides 7 poultry houses, totalling 79,857 sq ft, and one onsite bungalow (with AOC). The guide price was £485,000. The sale completed at £700,000, which equates to £8.77 per sq ft. Both farms are dated and offer re-development opportunities (subject to planning).
- 12.21 This comparable, highlights how valuable good quality, second-hand farms such as the subject farm is because they are operational with a planning precedence for poultry. Obtaining planning permission on greenfield sites is time consuming, costly and risky it is to achieve.
- 12.22 We have provided our schedule of comparable evidence in Appendix 3.

13.0 Factors affecting the Valuation of the Portfolio

- 13.1 We believe demand for the farms with vacant possession would come from other major contract farmers and other integrator/processors seeking to increase or secure their pipeline or supply of birds into their factories in a growing market.
- 13.2 Obtaining planning permissions for poultry use in open countryside is increasingly difficult. Concerns over visual amenity, ammonia emissions, odour, dust, intensification of heavy vehicles/traffic and bird welfare can create substantial local opposition to any proposals. Consequently, any application is now inherently time consuming, costly and risky. An existing farm with the ability to expand or to redevelop has a significant underlying value because there is already a precedent of poultry use on the site.
- 13.3 Providing the farm is in a suitable location and is in a satisfactory condition most medium sized farms are of interest to a wide range of potential poultry and other agricultural users. Even the smaller farms can achieve better than expected prices because they offer a lifestyle opportunity to acquire a dwelling in open countryside on a large plot size with buildings that could be used for poultry, other agricultural livestock or even commercial storage.
- 13.4 As stated above, farmers wishing to acquire a new facility would be faced with the choice of finding a Greenfield site and obtaining planning permission to construct new buildings. This is time consuming, costly and risky. The alternative is to acquire an operational farm (or an older farm which can be demolished or adapted). We consider it is reasonable to assume the purchaser for a farm would pay a price for an existing farm which reflects the cost of new buildings but discounted to reflect their particular age, specification and condition.
- 13.5 Most farms require a manager's bungalow/house in order to ensure good flock management and bio security especially in remote areas. The dwellings need to be of sufficient size and quality to attract and retain a good farm manager. The value of the dwelling is adversely affected by its proximity to the poultry farm and because they are often subject to an agricultural tie or planning restriction. Consequently, they are not directly linked to the Market Value of similar size and quality dwellings in the area and are heavily discounted. We apportion a value for each dwelling which is a reflection of the build costs and age of the dwelling to support the poultry accommodation rather than being linked to market values of dwellings in the area.
- 13.6 The subject farms are well located in a long established geographical area for the poultry industry. There are a number of integrators in the area, not only for processing chicken but also, turkey and duck. Consequently, a well-located farm (within 1 to 2 hours of a processing factory) away from villages/private dwellings with the ability to achieve operational efficiencies would be well sought after as the owner would have a range of potential integrators to supply.
- 13.7 Major operators in the area include not only, Hook 2 Sisters at Flixton and Eye but also Crown Chicken/Cranswick at Eye and Gressingham. Crown Chicken/Cranswick currently process 1.4 million birds a week at their Eye factory with aspirations to increase capacity to 4.5 million birds a week by 2031.
- 13.8 The farms in the Portfolio are subject to Farm Business Tenancies let to Hook 2 Sisters. This means they fall into the investment sector category rather than the owner/occupier category. The recently renewed leases expire on 31 May 2029.

- 13.9 The poultry sector is not an established sector within the commercial property or agribusiness investment market. Consequently, the Portfolio is unlikely to attract mainstream commercial and residential property investors such as the institutions or major property companies. As a single lot, it also represents a significant commitment to a single sector. Standard institutional investors would be concerned at the remote location of the properties, their bespoke nature and the lack of flexibility for alternative uses and they would consider this limits the site value at the end of the useful economic life of the buildings.
- 13.10 However, the Properties are likely to appeal to private investors who have a knowledge and understanding of the poultry sector and are therefore more comfortable with the risks and the attractive higher returns that the Portfolio might offer by comparison to standard commercial or residential properties.
- 13.11 We have attributed values to each farm as if they are to be sold as individual properties. The combined portfolio valuation is the result of the aggregate of the individual values. If the portfolio was sold as a single lot, or as groups of properties, a purchaser might seek a discount from the combined value of the portfolio as a whole.

14.0 Valuation Commentary

Market Value Subject to the Existing Tenancies

- 14.1 The poultry sector is not a recognised investment sector for property investors as it is a specialised area of the market (unlike factories, offices and shops) and investors would be cautious about the rural location and setting of the buildings and their potential for alternative uses if Hook 2 Sisters decided to vacate the units at the end of the term. They may also be concerned about dilapidations and obsolescence at the end of the term.
- 14.2 Undoubtedly, the long-term prognosis for the poultry industry is strong, however there are at present a number of short-term issues which are causing significant challenges such as labour shortages, rising build costs, supply shortages for P & E, fuel shortages, and energy price rises. We believe a potential investor would take these into consideration when preparing a bid.
- 14.3 Hook 2 Sisters would be considered a Grade A covenant strength. The newly renewed leases expire in May 2029 with a combined rent roll of £1,172,334.23 per annum.
- 14.4 Typically, we consider a prime commercial property let to a Grade A covenant such as Hook 2 Sisters for an unbroken term of 15 years could attract yields in the region of 4%. However, because of the lot size, the unusual/specialised nature of the sector, and the short-term challenges to the sector we have adopted a cautious all risks yield of 9%.
- 14.5 We have undertaken an investment valuation (Market Approach) for each farm on a term and reversion basis, capitalising the income (rent from the FBT) for the agreed term, with a reversion to the vacant possession value, discounted back to the present day. We have deducted costs of purchase in arriving at our opinion of value. Our valuation calculations for each property are within the individual property sections nos. 1-7.

- 14.6 The investment market for poultry farms is not a fluid market. Investors are likely to be restricted to those with a connection to the poultry industry that understand how the industry operates. The investment represents a substantial lot size for a private individual which would further limit the number of bidders and limit the price they would be prepared to pay. In our opinion, selling the asset with a tenant in situ devalues the asset. Typically, the farms have a higher value if sold with vacant possession than brought to the market as an investment opportunity with a tenant in place.
- 14.7 We would anticipate that there would be a more limited demand for the farms as investments (rather than if sold with vacant possession), and that a marketing period of three to six months, with full and targeted market exposure, would secure a sale at the valuation figure.
- 14.8 In the event that the marketing period was restricted to solely 90 days (and no longer), then we anticipate that the realisation price may be reduced by 25%-30%. A 90-day sale, in our opinion, would be perceived by the market as a "Forced Sale" scenario, and it is therefore feasible that the market may apply larger discounts to the Market Value at the time. Therefore, the 90-day value is subject to more uncertainty depending on the reason for its adoption.
- 14.9 There is sufficient market evidence to apportion values for the rental and capital values with vacant possession with a reasonable degree of confidence. However, there is far less evidence for sales subject to leases and we anticipate a greater variance of prices achieved to the values reported for the farms sold subject to the leases.

Market Value on the Special Assumption of Vacant Possession

- 14.10 We have used the Comparables Method of valuation (Market Approach).
- 14.11 The value attributed to the farms include the feeders, drinkers, heaters, lights, computerised environmental control systems and staff rest room, offices and storage facilities.
- 14.12 In our valuations, typically, we adopt a Capital Value range of £6.00-£7.50 per sq ft for the poorest buildings, £12.00-£18.00 per sq ft for the secondary buildings and £20.00-£25.00 per sq ft for the best secondhand buildings, and £28-£30 per sq.ft for brand new accommodation.
- 14.13 In this instance, we have adopted Capital Values of £16.00 to £18.00 per sq.ft.
- 14.14 We have adopted a generic approach to the standard bungalows valuing them each at circa £110,000. We have attributed a value of £150,000 to the larger dwelling at White Gate Farm. The values reflect the presence of an agricultural occupancy restriction.

15.0 Rental Value

- 15.1 We are of the opinion that the Market Rent of the Properties assuming a tenancy agreement for a term of approximately 5-10 years on standard market terms are as shown in the table in Section 16.

16.0 Capital Value

- 16.1 We have provided our opinion of the Market Value of the freehold interest in the individual Properties in the table shown overleaf.
- 16.2 The Market Value provided for Forest Farm, Beachamwell, on the special assumption of vacant possession is based on the property's existing condition (as at the date of inspection) and does not include the works scheduled to replace and upgrade the feeding and drinking systems.
- 16.3 Our valuation calculations are contained in the individual property sections no.1-7
- 16.4 It should be noted that values change over time and that the valuation provided above is given on the date of inspection. It may not be valid on an earlier or later date.

No.	Title No.	Property Name	Address	Productive Space (sq.ft.)	Market Rent (£pa)	Market Value Subject to Lease	Market Value Subject to Lease (90day Sale)	Market Value with VP	Estimated Reinstatement Value
1	NK172789	Forest Farm	Shingham Road, Beachamwell, Swaffham, Norfolk PE3 7AY	92,462	175,000	1,630,000	1,145,000	1,600,000	3,095,000
2	SK207689 SK179871	White Gates Farm	Old Newton IP14 4ED	93,979	187,500	1,715,000	1,200,000	1,875,000	3,240,000
3	SK207694	Crowborough Farm	Ashfield, Suffolk IP14 6LZ	92,697	185,000	1,650,000	1,165,000	1,775,000	3,045,000
4	SK207693	Eldens Lane Farm	Cotton, Mendlesham IP14 5TG	93,397	187,000	1,670,000	1,170,000	1,800,000	3,090,000
5	SK207690	Holly Bank Farm	Daisy Green, Wickham Skeith IP23 8NB	93,880	187,500	1,720,000	1,200,000	1,900,000	3,100,000
6	SK207691	Lovelace Farm	Allwood Green, Rickingham, Suffolk IP22 1LX	94,784	190,000	1,690,000	1,185,000	1,815,000	3,125,000
7	SK207692	Old Hundred Lane Farm	Mendlesham Green, Suffolk IP14 5TF	93,384	187,000	1,660,000	1,165,000	1,790,000	3,090,000
				654,583	1,299,000	11,735,000	8,230,000	12,555,000	21,785,000

17.0 Insurance Reinstatement Cost

- 17.1 We have been asked to provide an indication (which is given solely as a guide) for insurance purposes, of the current reinstatement cost of the existing Properties. The guide figure will include costs of site clearance and professional fees but exclude VAT (except on fees), loss of rent and cost of alternative accommodation for the reinstatement period. No allowance is made for inflation during the period of insurance, nor for pre or post contract stages during the construction period. Our estimate is provided on a 'Day One Basis'.
- 17.2 On the basis of the assumptions made our assessment of the reinstatement cost of the Properties is noted in the table above.
- 17.3 This estimate must not be relied upon to place insurance cover. Should a formal reinstatement valuation be required our Building Consultancy team would be qualified to undertake such instruction and separate fee and terms of engagement should be agreed with them.

18.0 Security for the Loan

Responsibility of the Lender

- 18.1 Valuers are frequently asked to express opinions on the suitability of property as security for loan purposes. However, it is the responsibility of the lender to assess the risks involved and determine the terms of the loan.
- 18.2 In this report we have included all the information available to us to assist the lender to assess the risks in this case. In addition, we would make the following observations:
- 18.3 Valuation is a matter of opinion and valuers can legitimately arrive at different opinions of value. Traditionally it has been accepted that valuers should achieve a tolerance of 15%. However academic research has suggested that a wider bracket may be appropriate.
- 18.4 There is no discount or margin in our valuation to reflect the purpose of the valuation for loan security.
- 18.5 We have made subjective adjustments in arriving at our opinion of value and whilst we consider these appropriate, they are not necessarily the same adjustments that may be made by a purchaser.
- 18.6 There is a limited market for the Portfolio and therefore the price is likely to vary depending on the level of competition for the Portfolio on any particular day.

Suitability as Security

- 18.7 Overall, we consider that the Portfolio is suitable security for a loan assuming normal prudent bank lending. Our opinion of the suitability of the Portfolio assumes that it is maintained in a good state of repair and condition.

19.0 Basis of Value

19.1 Valuation Definitions

- 19.1.1 **Market Value (MV)** is defined in the RICS Valuation – Global Standards as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Market Value ignores any price distortions caused by Special Value or Marriage Value

Special Value is an amount that reflects particular attributes of an asset that are only of value to a special purchaser. Market Value requires the disregard of any element of Special Value because at any given date it is only assumed that there is a willing buyer, not a particular willing buyer.

"Marriage Value is an additional element of value created by the combination of two or more assets or interests where the combined value is more than the sum of the separate values. If the enhanced value is only available to one specific buyer, then it is Special Value."

Notwithstanding the disregard of Special Value where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the asset in the future, the impact of that expectation is reflected in Market Value.

- 19.1.2 **Market Rent (MR)** is defined in the RICS Valuation – Global Standards as:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

19.2 Allowances

- 19.2.1 Taxation

No allowance has been made in the valuation for the liability or effect of taxation.

- 19.2.2 Goodwill

The valuation excludes the value of any goodwill of the present business conducted on the Property.

19.2.3 Plant and Machinery

The valuation excludes the value of any removable plant and machinery, fixtures and fittings on the Property.

19.2.4 Costs

No allowance has been made for any costs of disposal of the Property.

19.2.5 Encumbrances

No account has been taken of any borrowings or other encumbrances that may affect the Property.

20.0 General Conditions of the Valuation

20.1 The valuation is subject to the following conditions.

20.1.1 We have endeavoured to obtain a copy of the Title and Title Plan for the Property from HM Land Registry online if the Title is registered to enable us to check the tenure of the Property (freehold or leasehold) and the extent of the Property being valued. We have not made any further investigations in to Title, or taken any legal advice concerning the Title and have assumed for the purposes of our valuation that good title can be shown and that there are no unusual onerous or restrictive covenants, easements or other rights or liabilities which may affect the value of the property.

20.1.2 The valuation is on the basis that the information supplied to us in respect of the Property is accurate and complete. We have assumed we have been supplied with all information likely to have an effect on value.

20.1.3 Our valuation is based on comparable market evidence which has come into our possession from numerous sources. Where it is provided by other agents and valuers, it is given in good faith but without liability. Evidence is also obtained via databases to which we subscribe. In all cases other than where we have a direct involvement in the transaction, we are unable to verify that the information upon which we have relied is accurate and complete.

20.1.4 Unless otherwise stated we have made no enquiries nor taken any legal advice concerning the possibility of adverse rights or claims, statutory notices, adverse proposals by central or local Government/ Authorities, statutory authorities or the like affecting the Property or contravention of any statutory requirements relating to the property or its use and the valuation is on the basis that there are none.

20.1.5 We have made enquiries on publicly available online databases regarding planning permission and permitted use and have set out our findings, however, where we have been unable to identify the Property on the database the valuation is on the basis that planning permission the particular use of the Property exists and that there are no outstanding planning conditions which might have a materially adverse effect on the value of the Property. The valuation is on the basis that any information verbal or otherwise regarding the planning permission obtained from the local authority or other sources is accurate and complete.

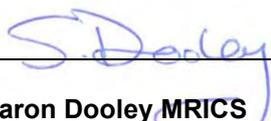
- 20.1.6 No structural survey has been carried out. Neither those parts of the Property which are covered, unexposed or inaccessible have been inspected nor have the services installations been inspected or tested and this report should not be regarded as making any implied representations or statements about the condition of such parts. Accordingly, the valuation is on the basis that:
- 20.1.6.1 there are no structural or latent and/or inherent defects which would affect the value;
- 20.1.6.2 the Property includes those items which provide services to the land and buildings and which are generally regarded as an integral part thereof;
- 20.1.6.3 the services are of sufficient size and capacity for the Purposes for which the property is used;
and
- 20.1.6.4 the ground on which the Property is sited is of sufficient load bearing capacity to support the building erected thereon.
- 20.1.6.5 the Property is connected, or capable of being connected to mains public services without undue expense.
- 20.1.7 Where reports from other professional advisers on these subjects have been made, and provided to the valuer, a statement to this effect and reference to any significant matters will be made.
- 20.1.8 Whilst we have made comment on the ground conditions following our inspection, no investigations have been undertaken to determine whether the property or the ground on which the Property is sited is, or has been in the past, contaminated or polluted by any naturally occurring or man-made substances, forces or organisms or any combination of these, whether permanent or transitory and however occurring. Our valuation is therefore on the basis that the Property and its environs are entirely free from such contamination or pollution.
- 20.1.9 However, where we have been supplied with a specialist's report which identifies contamination on the site and estimates the remedial cost, our valuation will have regard to the findings in the report.
- 20.1.10 Whilst we have provided information on any hazardous or contaminative materials that were labelled as such on site, no investigations have been carried out to determine whether or not any deleterious, hazardous, contaminating or polluting materials have been used in construction of the Property or have since been incorporated and, accordingly, it is not possible to report that the Property is free from risk in this respect. The valuation is therefore on the basis that such investigations would not disclose the presence of such materials in any adverse conditions.
- 20.1.11 Where the Property includes trees of amenity value these are included in our valuation, unless specifically stated otherwise.
- 20.1.12 No allowance has been made for any rights, obligations and liabilities that may arise under Fire Safety Legislation, the Defective Premises Act 1972, Health and Safety at Work Act 1974, the Equality Act 2010 or any other relevant legislation.

21.0 Confidentiality

- 21.1 Neither the whole nor any part of this report nor reference thereto may be included in any published document, circular or statement in any way without prior written approval of the form and context in which it may appear.
- 21.2 Such publications of, or reference to, the Valuation Report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the statements of RICS Valuation - Global Standards published by the Royal Institution of Chartered Surveyors or the incorporation of the special assumptions referred to herein.
- 21.3 Our valuation is provided for your benefit alone and solely for the purposes of the instruction to which it relates. Our valuation may not, without our written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees or is permitted to see a copy of our valuation report. If we do provide written consent to a third party relying on our valuation, any such third party is deemed to have accepted our terms of engagement.

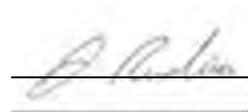
Valued by

Checked by



Sharon Dooley MRICS
RICS Number (1104150)
For and on behalf of Bidwells LLP
John Ormond House
899 Silbury Boulevard
Central Milton Keynes
MK9 3XJ
t: 01908 202190

Date: 22 September 2022



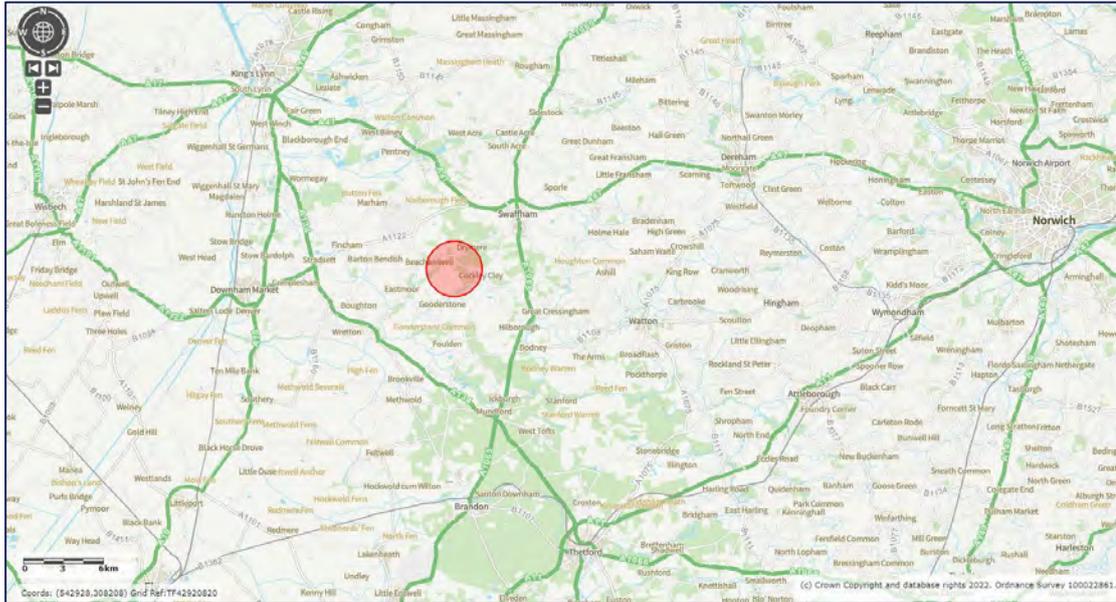
Andy Radice MRICS ACIM
RICS Number (1129146)
For and on behalf of Bidwells LLP
John Ormond House
899 Silbury Boulevard
Central Milton Keynes
MK9 3XJ
t: 01908 206752

Date: 22 September 2022

22.0 Section 1 – Forest Farm, Shingham Road, Beachamwell, Norfolk PE3 7AY

Location

22.1 The farm is located in open countryside circa 4 miles south-west of Swaffham.



Description

22.2 It comprises seven broiler houses and a three-bedroom bungalow.

22.3 The broiler houses have concrete floor, blocked dwarf walls, timber (posted) frame, insulated timber elevations under insulated profile metal clad roofs.

22.4 The buildings have windows (equating to 6% of windows to floorspace) with manual shutters, ridge vent inlets and side extraction fans and four 48-inch gable end fans. Each house has 6 lines of nipple drinkers and double track and chain feeders, with stripped fluorescent bulbs. The houses are heated by LPG fired gas brooders and house Hired Hand heaters.

22.5 Each house has one or two feedbins (48 tonnes in total).



The Poultry Houses – Side Elevations



The Poultry Houses

22.6 The farm has a basic reception block with signing area, welfare facilities and a small kitchenette.



Staff Facilities Block

22.7 The manager's dwelling is a well presented three-bedroomed detached bungalow with substantial garden. The garage has been refurbished to provide additional accommodation. It is constructed with brick elevations under a pitch tile roof with UVPC double glazed windows. It has a kitchen, living room/diner, three bedrooms and a family bathroom.



The Bungalow

22.8 There is a gated entrance adjacent to which there is a staff/signing in building which is a timber framed, clad construction.

Accommodation

22.9 The productive floor areas for the farm are as follows:

BUILDING NOS.	SIZE (SQ.M.)	SIZE (SQ.FT.)
1	1,184.34	12,748
2	1,244.10	13,391
3	1,205.94	12,981
4	1,242.56	13,375
5	1,257.11	13,531
6	1,254.56	13,504
7	1,201.44	12,932
TOTAL	8,590	92,462

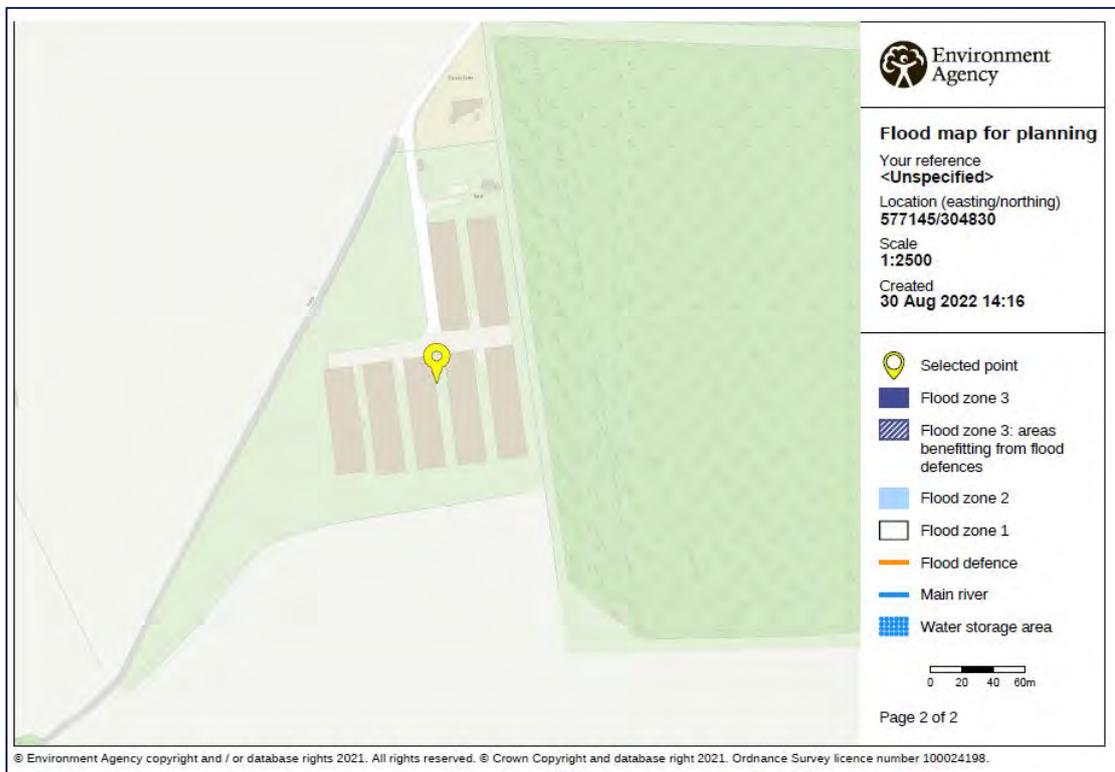
22.10 Site area comprises 3.89 hectares (9.62 acres).

Services

- 22.11 The property has the benefit of a licensed borehole and mains electricity. There is a water storage tank on site and a backup generator in the event of power failure (diesel fired). The foul water is collected in a holding tank and tanked away periodically.
- 22.12 The bungalow has LPG gas fired central heating.

Flooding

- 22.13 The Environment Agency website uses indicative flood maps to provide a general overview of land in flood plains and therefore potentially at risk of flooding by river or sea. In preparing this report, we have referred to the Environment Agency's maps and note that part of the Property falls within a Flood Zone 1 area, with a low probability of flooding. The flood map is shown below.



Radon

- 22.14 With regard to the Property, we have referred to the indicative Atlas of Radon in England & Wales, published on the Health Protection Agency website. On this map the probability of properties in this area being above the Action Level is less than 1%.



Tenure

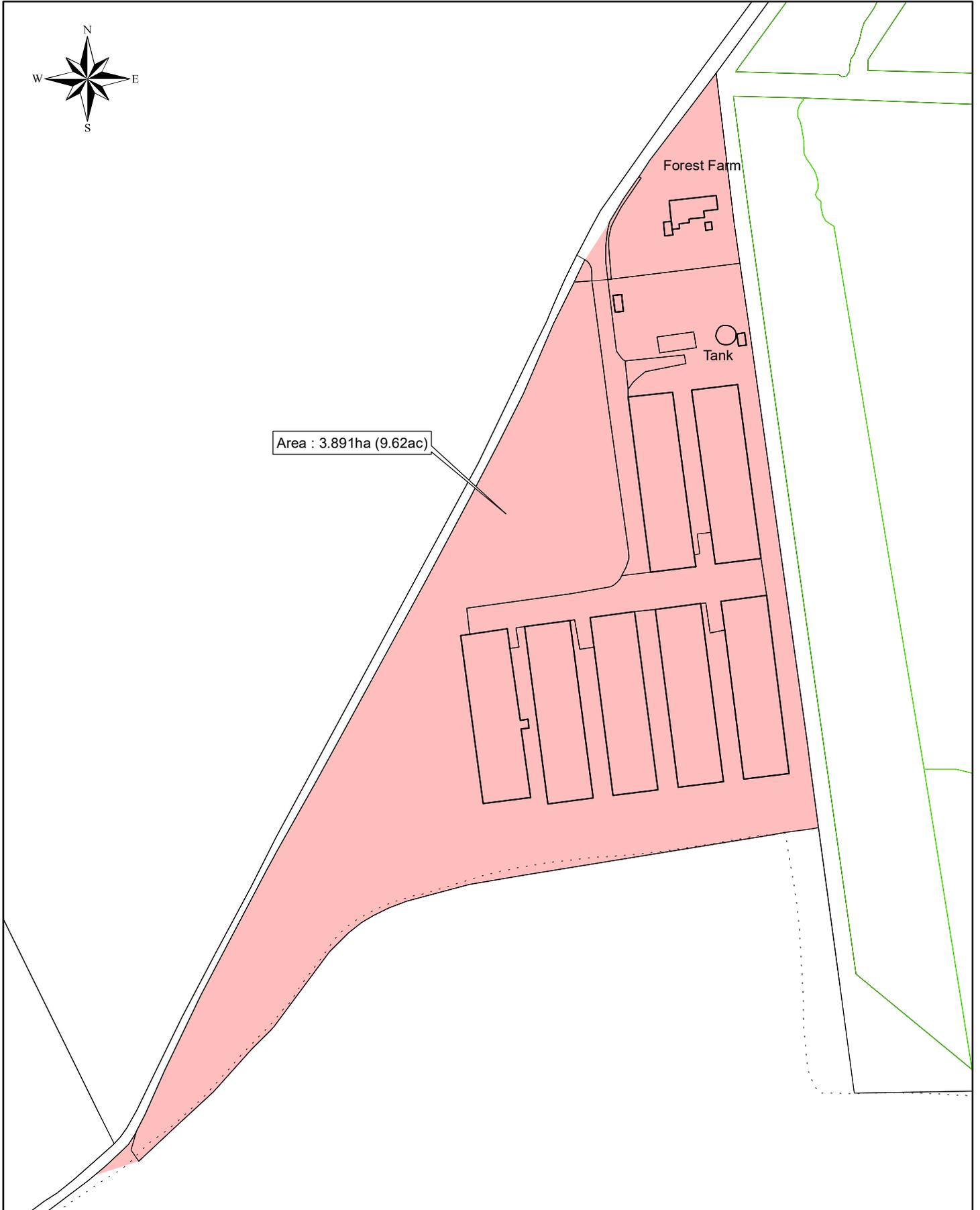
- 22.15 Access to the farm is via a long, single lane, un-adopted, privately owned, farm track which is in poor condition.
- 22.16 We understand it is owned by the adjoining land owner/farmer.
- 22.17 We assume Rannoch has the benefit of an unencumbered right of way at all times, for all purposes to access the farm.
- 22.18 We assume that the land owner will control the timing, quality and cost of the repairs to the main road but, Rannoch will be expected to contribute a fair share to the costs of maintenance.
- 22.19 We assume the farm has the necessary easements for the provision of mains electricity to the farm.

Factors Affecting Value

- 22.20 In our opinion the main valuation considerations are as follows:
- The farm is well located in a long-established area for poultry, close to a number of major processors/integrators. It is in a remote setting and unlikely to cause any issues with adjoining residents.
 - The farm is well laid out and has surplus land and expansion potential.
 - The buildings have been well maintained and offer high bird welfare standards with the provision of windows to 6% of floor space.

- The farm has not been refurbished to the same high standard as the other Rannoch farms but works are scheduled to replace the existing feeding and drinking systems so that they are compliant with the M & S Oakham Gold growing standards.
- The access is poor and needs improving.
- The farm is of a sufficient size to enable the operator to create operational efficiencies and economies of scale. It can grow up to 165,000 birds (IPPC YP3634UJ).
- If this farm became available for sale or to rent, we believe it would prove attractive to a number of contract growers or integrators.

Forest Farm, Shingham Road, Beachamwell



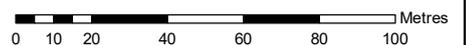
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John Ormond House, 899 Silbury Boulevard, Milton Keynes, MK9 3XJ
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Scale: 1:2,000 @ A4 OS Ref: TF 7704 Drawing No: A.57,059 Date: 13/09/2022

Produced by Bidwells GIS Mapping - 01223 559288



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THIS TITLE IS DEALT WITH BY HM LAND REGISTRY, KINGSTON UPON HULL OFFICE.

TITLE NUMBER: NK172789

There is/are applications(s) pending against this title.

A: Property Register

This register describes the land and estate comprised in the title.

NORFOLK : BRECKLAND

- 1 (10.03.1995) The Freehold land shown edged with red on the plan of the above Title filed at the Registry and being Forest Farm, Shingham Road, Beechamwell, Shingham, Swaffham (PE37 8AY).
- 2 (10.03.1995) The land has the benefit of the following rights granted by a Conveyance of the land in this title dated 11 December 1987 made between (1) Maurice Mason Limited (Vendor) and (2) Rannoch Farms Limited (Purchaser):-

"together with a right of way for the Purchaser (with others entitled to a like right) over and along the track 10' wide (shown for the purpose of identification coloured green on Plan 2 annexed) at all times and for all purposes in connection with the Property with or without vehicles (subject to the Purchaser being responsible for maintaining the same or so much thereof as it shall use) in a state not better than its present state and condition"

NOTE: Copy of Conveyance plan filed.

B: Proprietorship Register

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

Title absolute

- 1 (14.06.2005) PROPRIETOR: RANNOCH FOOD GROUP LIMITED (Co. Regn. No. 04408748) of Mani Firs, London Road, Kirton, Boston, Lincolnshire PE20 1JE.
- 2 (14.06.2005) The price stated to have been paid on 4 April 2005 was £475,800.
- 3 (25.09.2013) RESTRICTION: No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the Charge dated 10 September 2013 in favour of Robert John Williams, Susan Cooper and John Dutton, The Trustees of the Rannoch Food Group Pension Scheme referred to in the Charges Register.

C: Charges Register

This register contains any charges and other matters that affect the land.

Title number NK172789

- 1 (16.02.2009) The land is subject to the lease set out in the schedule of leases hereto.
- 2 (25.09.2013) REGISTERED CHARGE dated 10 September 2013 affecting also other titles.

NOTE: Charge reference NK172789.

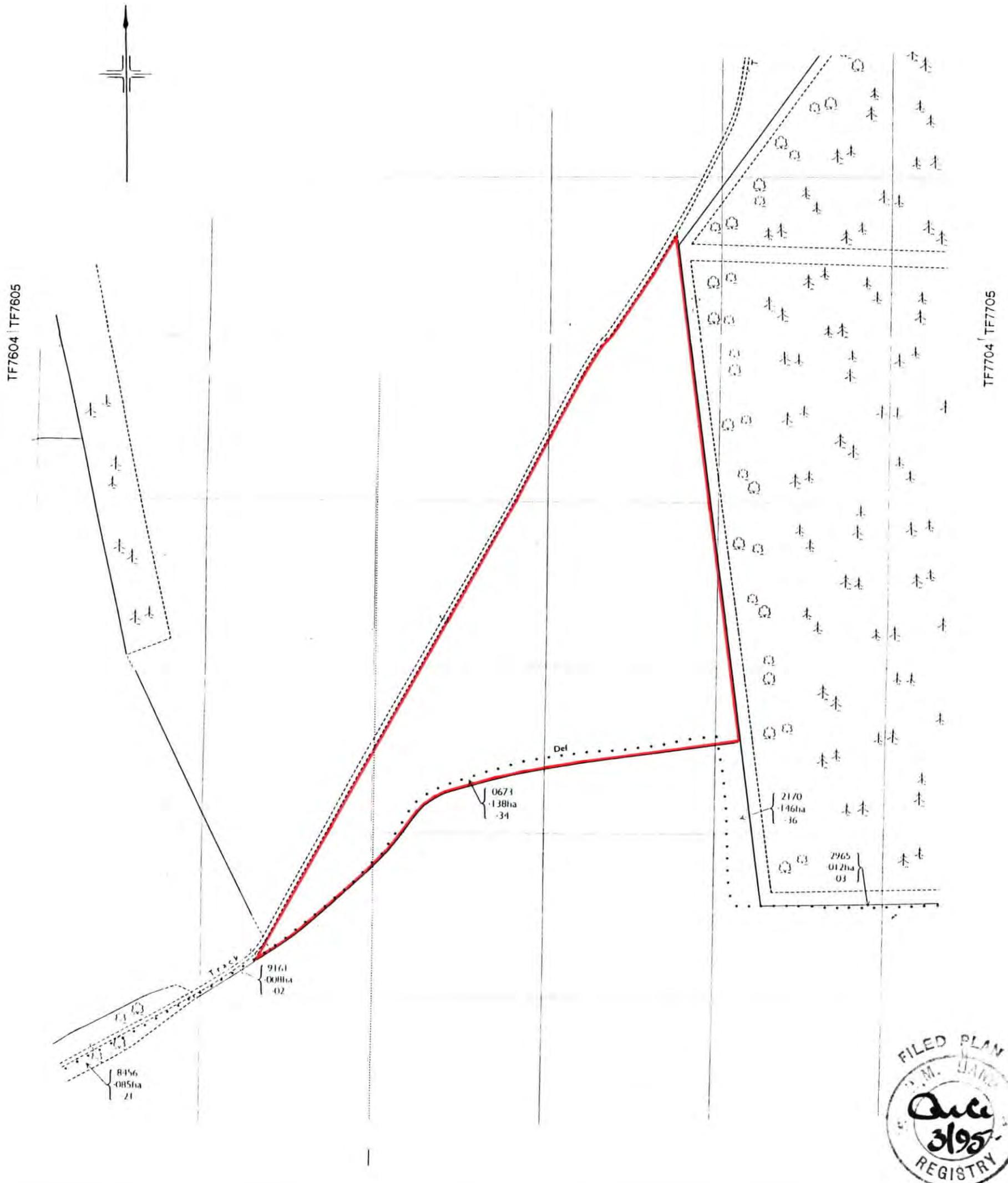
- 3 (25.09.2013) Proprietor: ROBERT JOHN WILLIAMS of Haughley Park House, Stowmarket IP14 3JY and SUSAN COOPER of 7 Larks Gate, Fornham All Saints, Bury St. Edmunds IP28 6HY and JOHN DUTTON of 23 Cley Hall Drive, Spalding PE11 2EB The Trustees of Rannoch Food Group Pension Scheme.

Schedule of notices of leases

	Registration date and plan ref.	Property description	Date of lease and term	Lessee's title
1	11.09.2019	Forest Farm	20.08.2019 5 years 6 months starting on 1 December 2018	

End of register

H.M. LAND REGISTRY		TITLE NUMBER	
		NK172789	
ORDNANCE SURVEY PLAN REFERENCE	TF7604 TF7605 TF7704 TF7705		Scale 1/2500
COUNTY NORFOLK	DISTRICT BRECKLAND		© Crown copyright



This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 01 September 2022 at 10:25:49. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by HM Land Registry, Kingston upon Hull Office.

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**VALUATION CALCULATIONS
RANNOCH FOOD GROUP
FOREST FARM, BEACHAMWELL
SEPTEMBER 2022**



Rental valuation - Market Rent

	Area (sq.ft)	Rate per sq.ft	Market Rent (p.a)
Houses 1-7	92,462	£1.90	£175,678
		Say	£175,000

Market Value with Vacant Possession (as existing)

Building	Age	Area (sq.ft)	Rate per sq.ft (£)	Total (£)
House 1	1970-1980's	12,748	£16.00	£203,968
House 2	1970-1980's	13,391	£16.00	£214,256
House 3	1970-1980's	12,981	£16.00	£207,696
House 4	1970-1980's	13,375	£16.00	£214,000
House 5	1970-1980's	13,531	£16.00	£216,496
House 6	1970-1980's	13,504	£16.00	£216,064
House 7	1970-1980's	12,932	£16.00	£206,912
		92,462		£1,479,392
Dwelling			1,030	£120,000
Land (acres)		0	0	£0
			Total	£1,599,392
			Say	£1,600,000

Market Value subject to the FBT

Core Rent (p.a) now to June 2029	£144,467
Yield of 9% for 6.75 years (single rate) - YP multiplier	4.8962
	£707,339
Top Slice Rent (p.a) 01 June 2024 to 31 May 2029	£44,155
Yield of 9.5% for 5 years (single rate)- (YP multiplier 3.8397) deferred 1.75 years (PV 0.8985)	3.4499
	£152,330
VP value (£1,600,000) PV at 9% for 7years	0.5470
	£875,200
	£1,734,870
Less Purchasers Costs	£106,604
	£1,628,266
Say	£1,630,000

VALUATION CALCULATIONS
RANNOCH FOOD GROUP
FOREST FARM, BEACHAMWELL
SEPTEMBER 2022



Market Value subject to the FBT - with a 90 day sale restriction

MV calculated as above	£1,734,870	less 30%	£1,214,409
		less purchasers costs	£71,473
			<hr/>
			£1,142,936
		Say	<hr/>
			£1,145,000

Factors Affecting Value:

- 1) Broiler farm (capacity 165,000 birds)
- 2) Established location for poultry
- 3) Mid 1970's sheds but refurbished approx. 9 years ago. Tin roofs. LPG heating to hired hands. New
- 4) Three bed bungalow for farm manager.
- 5) Access is via a long shared driveway which is in poor condition and needs improving.
- 6) Surplus land for potential expansion.
- 7) Feeding and drinking equipment to be upgraded to meet standards of M & S Oakham Gold chicken
- 8) Rent currently £144,467pa, from June 2024 rent £188,622.48p.a
- 9) 2018 Valuation (VP) £1,290,000

FOREST FARM, BEACHAMWELL
ESTIMATED REINSTATEMENT COSTINGS



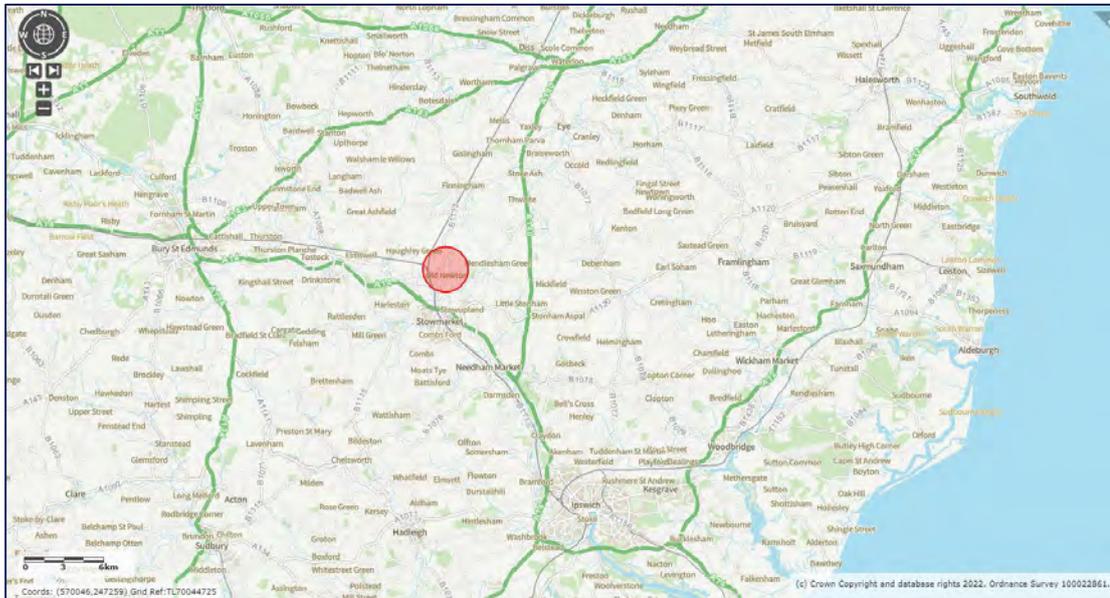
SEPTEMBER 2022

Description	Size (sq.ft)	Rate (per sq.ft)	Total (£'s)
Poultry Houses	92,462	£26	£2,404,012
Staff/Ancillary buildings	500	£80	£40,000
Bungalow	1,030	£180	£185,400
			<hr/>
			£2,629,412
	Demolition/Site Clearance 5%		£131,471
		Fees 10%	£276,088
		VAT 20%	£55,218
			<hr/>
		Total	£3,092,189
		Say	£3,095,000
			£33.47

23.0 Section 2 – White Gate Farm, Old Newton, Suffolk IP14 4ED

Location

- 23.1 The village of Old Newton is located circa 5 miles north-east of Stowmarket and 4 miles north of the A14.



Description

- 23.2 Although the farm is located to the north-east of the village of Old Newton in open countryside, there are private residential dwellings a relatively short distance to the south.
- 23.3 Access is taken direct from the public highway past the farm manager's house (and a pony paddock and surplus land) leading (via an internal private road) to the farm.
- 23.4 The farm comprises seven broiler houses.
- 23.5 The seven broiler houses were constructed in the 1980s but refurbished in circa 2008/2009. They have concrete floor, block dwarf walls, timber (posted) frame with insulated timber elevations under a profile metal clad roof. Welfare windows to 5% of floor area are fitted in House 3-7. H1 & H2 have welfare windows to 7% of floorspace.



The Poultry Houses



The Poultry Houses – Side Elevations

- 23.6 Each house has 6 lines of nipple drinkers, 4 lines of pan feeders and 3 Hired Hand heaters. Each house has side inlets and ridge mounted ventilation fans. There are four x 48-inch gable end fans for each building. There are old style feedbins. Each house has a control room with computerised alarms of power, temperature, water and feed.



Interior of Poultry House

- 23.7 The dwelling has brick elevations under a pitch tiled roof with UPVC windows. It has a kitchen/dining room at ground floor, three bedrooms and a family bathroom at first floor. There is no garage.



The Front Elevation of the Dwelling

- 23.8 There is a surfaced parking area to the front and a substantial garden to the rear.
- 23.9 There is also a pony paddock and stabling on what appears to be surplus land (owned by Rannoch) between the managers dwelling and the poultry farm itself and a timber clad barn.



The Barn

Accommodation

23.10 The productive floor areas for the farm are as follows:

BUILDING NOS.	SIZE (SQ.M.)	SIZE (SQ.FT.)
1	1190	12,809
2	1254	13,498
3	1269	13,659
4	1264	13,606
5	1227	13,207
6	1265	13,616
7	1262	13,584
TOTAL	8,731	93,979

23.11 The total site area is 3.61 hectares (8.43 acres).

Services

23.12 The property has the benefit of mains electric and mains water. There is no mains gas. The dirty water is collected in holding tanks and periodically tanked away.

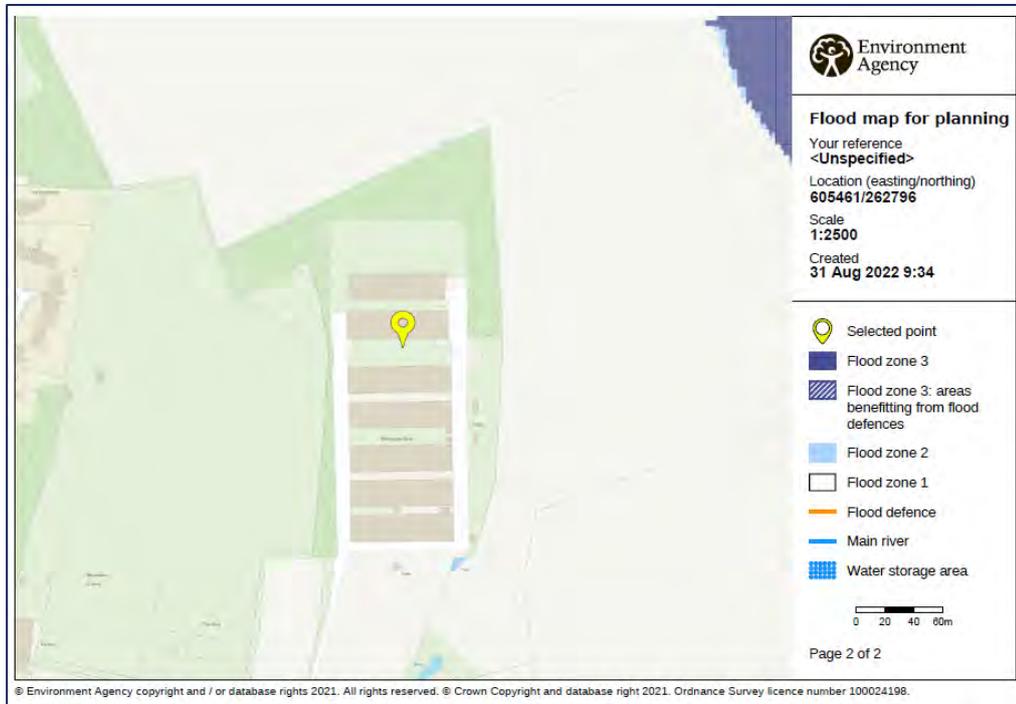
23.13 The farm has the benefit of a diesel powered back-up generator in the event of power failure.

23.14 Heating to the poultry houses is via LPG Hired Hand heaters.

23.15 The dwelling has mains drainage, electricity and water and oil fired central heating.

Flooding

23.16 The Environment Agency website uses indicative flood maps to provide a general overview of land in flood plains and therefore potentially at risk of flooding by river or sea. In preparing this report, we have referred to the Environment Agency's maps and note that part of the Property falls within a Flood Zone 1 area, with a low probability of flooding. The flood map is shown below.



Radon

23.17 With regard to the Property, we have referred to the indicative Atlas of Radon in England & Wales, published on the Health Protection Agency website. On this map the probability of properties in this area being above the Action Level is less than 1%.



Tenure

23.18 We assume the property has the benefit of unencumbered right of way off the public highway into the farm and the road leading to the farm is owned by Rannoch and there are no rights in favour of third parties.

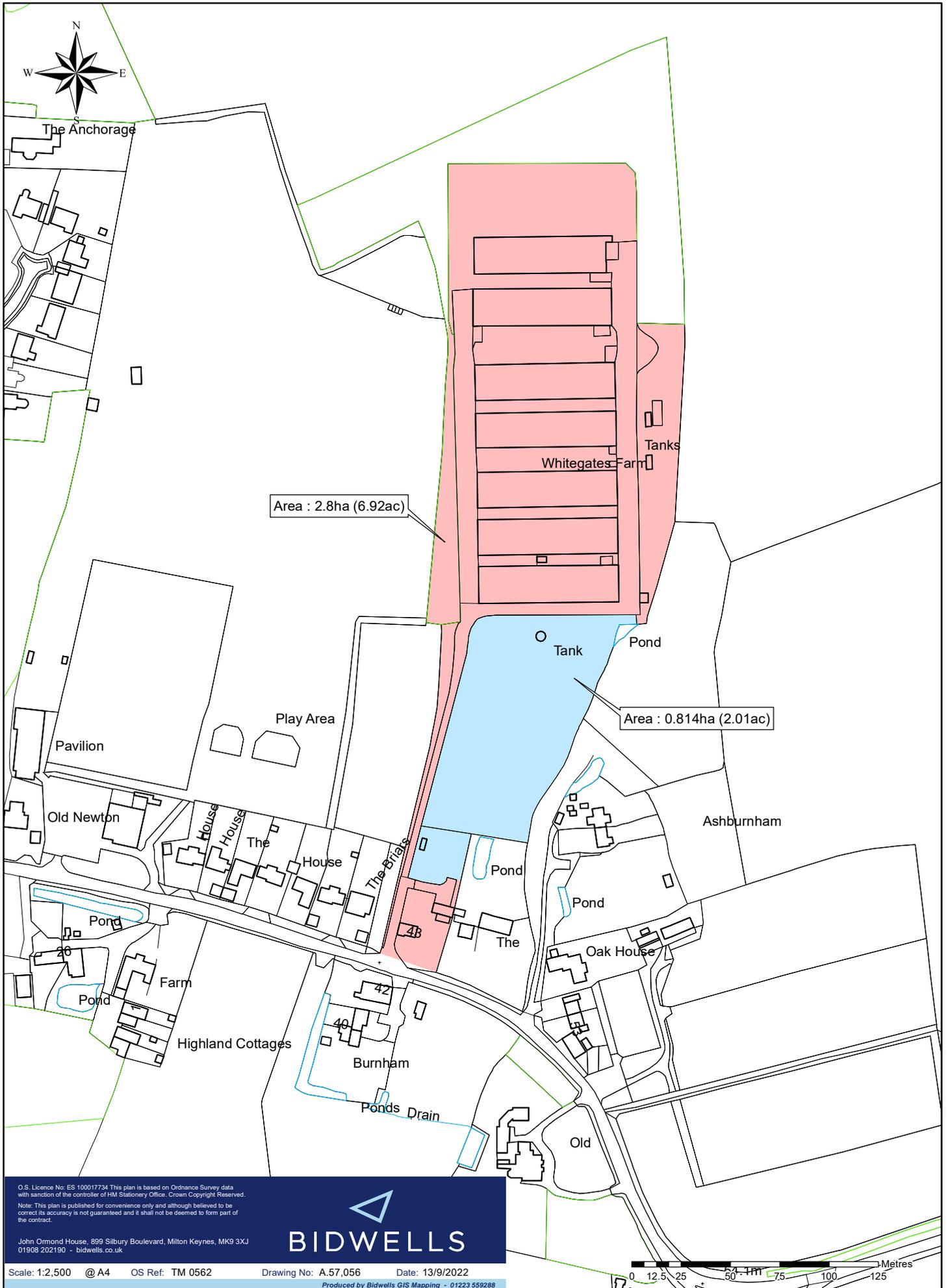
23.19 We assume there are no leases in place on the surplus paddock land that could prevent Rannoch obtaining vacant possession when required.

Factors Affecting Valuation

23.20 In our opinion the main valuation considerations are as follows:

- The farm is well located in a long-established area for poultry, close to a number of major processors/integrators. The farm is near to neighbouring residential properties but we understand from the Borrower that there are no neighbourhood disputes/complaints.
- The farm is well laid out and has surplus land and expansion potential.
- The poultry houses have been well maintained and are well presented.
- The farm was substantially refurbished in 2009/2010. The farm is an M & S Oakham Gold farm with high welfare standards
- The farm is of a sufficient size to enable the operator to create operational efficiencies and economies of scale. It can grow up to 175,000 birds (FP3833UG) (capacity for 112,000 birds of stocking to Oakham Gold standards).
- It has a good manager's house fronting the main road some distance from the farm itself, which suggests it may not be subject to an agricultural tie (however to be cautious the valuation is provided on the assumption of an agricultural tie).
- There is some land to the rear which is currently used, in part, as a pony paddock and stabling which would add value to the house in the event the property was ever sold separately.
- If this farm became available for sale or to rent, we believe it would prove attractive to a number of contract growers or integrators.

Whitegates Farm, Old Newton



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Drawing No: A.57,056

Date: 13/9/2022

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THIS TITLE IS DEALT WITH BY HM LAND REGISTRY, KINGSTON UPON HULL OFFICE.

TITLE NUMBER: SK179871

There is no application or official search pending against this title.

A: Property Register

This register describes the land and estate comprised in the title.

SUFFOLK : MID SUFFOLK

- 1 The Freehold land shown edged with red on the plan of the above Title filed at the Registry and being land lying to the North of Old Newton, Stowmarket.
- 2 (24.03.1998) A Conveyance of the land tinted pink and tinted blue on the filed plan and other land dated 16 August 1977 made between (1) John Rannoch Limited (the Vendor) and (2) Roger Stearn (the Purchaser) contains the following provision:-

IT IS HEREBY AGREED AND DECLARED that the Purchaser and his successors in title shall not be entitled to any easement or right to the access of light or air which would restrict or interfere with the free use of the adjoining or neighbouring land of the Vendor whether for building or any other purpose and this Conveyance shall expressly exclude the implication of any such grant.
- 3 (04.02.2002) The land edged and numbered in green on the title plan has been removed from this title and registered under the title number or numbers shown in green on the said plan.

B: Proprietorship Register

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

Title absolute

- 1 (19.08.2005) PROPRIETOR: RANNOCH FOOD GROUP LIMITED (Co. Regn. No. 04408748) of Mani Firs, London Road, Kirton, Boston, Lincolnshire PE20 1JE.
- 2 (06.07.2007) RESTRICTION: No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the Charge dated 19 June 2007 in favour of Robert John Williams, Desmond John Smith, Independent Trustee Services Limited, Richard Alan Cooper and Susan Cooper referred to in the Charges Register.

C: Charges Register

This register contains any charges and other matters that affect the land.

- 1 (06.07.2007) REGISTERED CHARGE dated 19 June 2007 affecting also other titles.

Title number SK179871

C: Charges Register continued

NOTE: Charge reference SK179871.

- 2 (06.07.2007) Proprietor: ROBERT JOHN WILLIAMS of Haughley Park House, Haughley, Stowmarket, Suffolk and DESMOND JOHN SMITH of Hill House, Audley End, Burston, Diss, Norfolk IP22 5TY and INDEPENDENT TRUSTEE SERVICES LIMITED (Co. Regn. No. 02567540) of 6 Crutched Friars, London, Greater London EC3N 2HT and RICHARD ALAN COOPER and SUSAN COOPER of 7 Larks Gate, Fornham All Saints, Bury St. Edmunds, Suffolk IP28 6HY the trustees of Rannoch Food Group Pension Scheme.

End of register



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This title is dealt with by HM Land Registry, Kingston upon Hull Office.

THIS IS A PRINT OF THE VIEW OF THE REGISTER OBTAINED FROM HM LAND REGISTRY SHOWING THE ENTRIES SUBSISTING IN THE REGISTER ON 1 SEP 2022 AT 11:12:29. BUT PLEASE NOTE THAT THIS REGISTER VIEW IS NOT ADMISSIBLE IN A COURT IN THE SAME WAY AS AN OFFICIAL COPY WITHIN THE MEANING OF S.67 LAND REGISTRATION ACT 2002. UNLIKE AN OFFICIAL COPY, IT MAY NOT ENTITLE A PERSON TO BE INDEMNIFIED BY THE REGISTRAR IF HE OR SHE SUFFERS LOSS BY REASON OF A MISTAKE CONTAINED WITHIN IT. THE ENTRIES SHOWN DO NOT TAKE ACCOUNT OF ANY APPLICATIONS PENDING IN HM LAND REGISTRY. FOR SEARCH PURPOSES THE ABOVE DATE SHOULD BE USED AS THE SEARCH FROM DATE.

THIS TITLE IS DEALT WITH BY HM LAND REGISTRY, KINGSTON UPON HULL OFFICE.

TITLE NUMBER: SK207689

There is/are applications(s) pending against this title.

A: Property Register

This register describes the land and estate comprised in the title.

SUFFOLK : MID SUFFOLK

- 1 (14.08.2000) The Freehold land shown edged with red on the plan of the above Title filed at the Registry and being Whitegates Farm, Old Newton, Stowmarket (IP14 4ED).
- 2 (14.08.2000) The land has the benefit of the following rights granted by a Conveyance of the land in this title and other land dated 19 December 1966 made between (1) John Oswin Wright (Vendor) (2) Eastern Counties Building Society (Society) and (3) Arthur Leonard Betts (Purchaser):-

"TOGETHER WITH a right to enter upon the adjoining land retained by the Vendor for all purposes in connection with the maintenance of the said buildings"
- 3 (14.08.2000) The Conveyance dated 19 December 1966 referred to above contains the following provision:-

"IT IS HEREBY DECLARED that the hedge and ditch on the North side of the part of Ordnance Survey 342 retained by the Vendor shall remain the property of the Vendor"

NOTE: Copy plan filed.

B: Proprietorship Register

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

Title absolute

- 1 (14.06.2005) PROPRIETOR: RANNOCH FOOD GROUP LIMITED (Co. Regn. No. 04408748) of Mani Firs, London Road, Kirton, Boston, Lincolnshire PE20 1JE.
- 2 (14.06.2005) The price stated to have been paid on 4 April 2005 was £465,600.

C: Charges Register

This register contains any charges and other matters that affect the land.

- 1 (16.02.2009) The land is subject to the lease set out in the schedule of leases hereto.
- 2 (12.09.2019) The land is subject to the easements granted by the lease

Title number SK207689

C: Charges Register continued

dated 20 August 2019 referred to in the schedule of leases hereto.

NOTE: Copy filed.

Schedule of notices of leases

	Registration date and plan ref.	Property description	Date of lease and term	Lessee's title
1	12.09.2019	Whitegates Farm, Old Newton	20.08.2019 5 years and 6 months from 1 December 2018	

End of register



TITLE NUMBER
SK207689



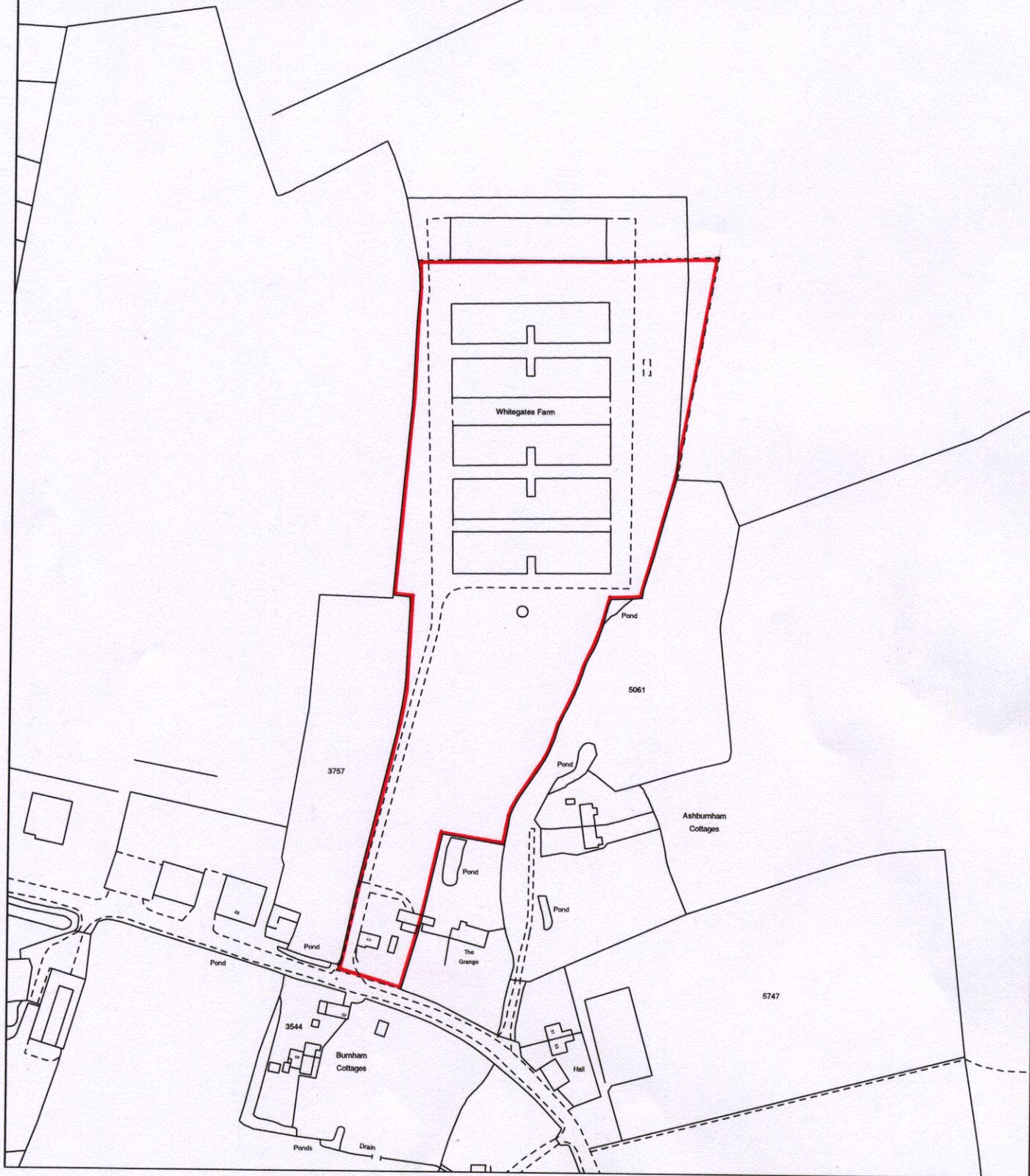
SUFFOLK : MID SUFFOLK

ORDNANCE SURVEY MAP REFERENCE:

TM0562NW

SCALE 1:2500

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**VALUATION CALCULATIONS
RANNOCH FOOD GROUP
WHITEGATE FARM, OLD NEWTON
SEPTEMBER 2022**



Rental valuation - Market Rent

	Area (sq.ft)	Rate per sq.ft	Market Rent (p.a)
Houses 1-7	93,979	£2.00	£187,958
		Say	£187,500

Market Value with Vacant Possession

Building	Age	Area (sq.ft)	Rate per sq.ft (£)	Total (£)
House 1	1970-1980's	12,809	£18.00	£230,562
House 2	1970-1980's	13,498	£18.00	£242,964
House 3	1970-1980's	13,659	£18.00	£245,862
House 4	1970-1980's	13,606	£18.00	£244,908
House 5	1970-1980's	13,207	£18.00	£237,726
House 6	1970-1980's	13,616	£18.00	£245,088
House 7	1970-1980's	13,584	£18.00	£244,512
		93,979		£1,691,622

Dwelling - 3 bed house	1,206	£150,000
Barn	532	£30,000
Land (acres)	2.01	£20,100
	Total	£1,891,722
	Say	£1,875,000

Market Value subject to the FBT

Rent (p.a) now to June 2029	£163,424
Yield of 9% for 6.75 years (single rate) - YP multiplier	4.8962
	£800,157
VP value (£1,875,000) PV at 9% for 7years	0.5470
	£1,025,625
	£1,825,782
Less Purchasers Costs	£112,740
	£1,713,042
Say	£1,715,000

Market Value subject to the FBT - with a 90 day sale restriction

MV calculated as above	£1,825,782	less 30%	£1,278,047
		less purchasers costs	£75,768

VALUATION CALCULATIONS
RANNOCH FOOD GROUP
WHITEGATE FARM, OLD NEWTON
SEPTEMBER 2022



	<hr/>	£1,202,279
Say	<hr/>	£1,200,000

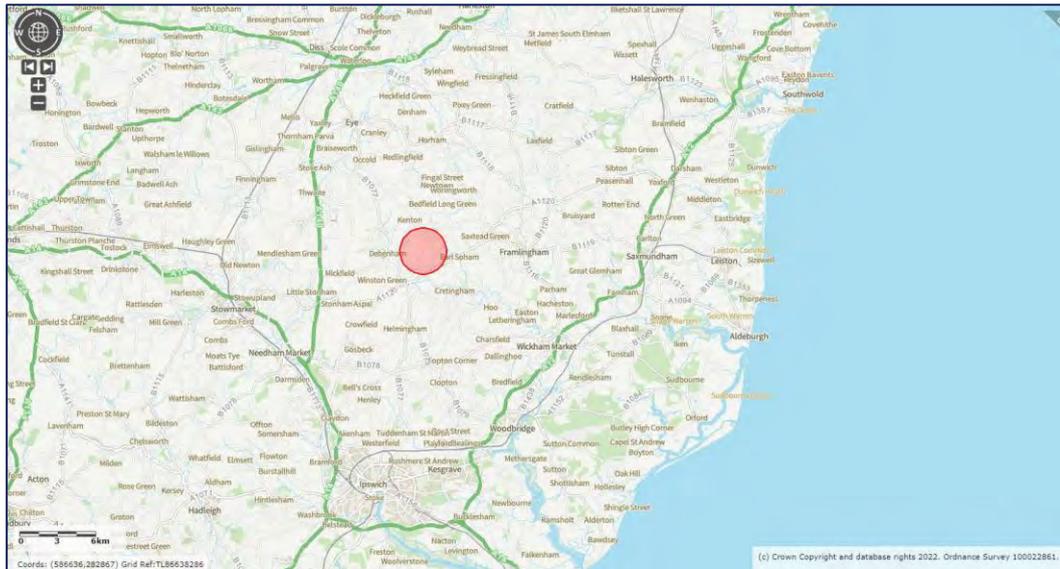
Factors Affecting Value:

- 1) Broiler farm (Capacity 175,000 birds)
- 2) Established location for poultry, but village setting (set back)
- 3) Mid 1970's sheds but refurbished approx. 9 years ago. Tin roofs. LPG heating to hired hands. New
- 4) Three bed house for farm manager. No agricultural tie.
- 5) Access through village and between houses.
- 6) Letting of land as a pony paddock – assume no security of tenure.
- 7) Development potential longer term being adjacent to the village.
- 8) Estimated net internal stated in lease – 93,385
- 9) 2018 Valuation (VP) £1,550,000

24.0 Section 3 – Crowborough Farm, Ashfield, Suffolk IP14 6LZ

Location

- 24.1 The farm is located a short distance from the village of Ashfield which is located circa 20 miles north east of Needham Market. It is a short distance from the A1120, circa 12 miles from the A140 which leads to the A14.



Description

- 24.2 The farm comprises 7 broiler houses and a three-bed, detached, bungalow with surplus land. There is open countryside to the north and south but dwellings immediately to the east and west.
- 24.3 There is a fixed timber framed/clad reception block at the gated entrance.



Entrance from the Highway and Reception Block

- 24.4 The poultry houses are constructed with concrete floor, block dwarf walls with timber (posted) frame, insulated timber walls under an insulated profile metal clad pitched roof. Each house has its own workroom with alarms for heat, feed, water and power. Inside, there are 6 lines of nipple drinkers, 4 lines of pan feeder and high frequency/fluorescent lighting. The property has side inlets and ridge mounted extraction fans. Each gable end has 4 x 48-inch extraction fans.



The Poultry Houses



Poultry Houses – Side Elevations

- 24.5 The bungalow has brick elevations under a pitched tile roof with UPVC double glazed windows. It has three bedrooms, lounge/diner, kitchen, family bathroom. There is no formal garage but there is a large garden and timber storage building. It has a septic tank for foul drainage and LPG gas fired wet radiator central heating system.
- 24.6 Some cracking to the external brickwork joints and internal plaster was noted during our inspection. The occupier confirmed that the cracking was relatively new and recent. We anticipate that due to a particularly dry summer and the close proximity of a large tree in the garden, changing ground conditions have caused some movement to the bungalow.



The Bungalow

24.7 There is a surplus area of land to the east of house no. 1 to the south of the bungalows.

Accommodation

24.8 The productive floor areas for the farm are as follows:

BUILDING NOS.	SIZE (SQ.M.)	SIZE (SQ.FT.)
1	1221.66	13,149
2	1256.49	13,524
3	1237.81	13,323
4	1231.74	13,258
5	1217.42	13,104
6	1215.20	13,080
7	1231.81	13,259
TOTAL	8612.13	92,697

24.9 The site comprises 2.71 hectares (6.70 acres).

Services

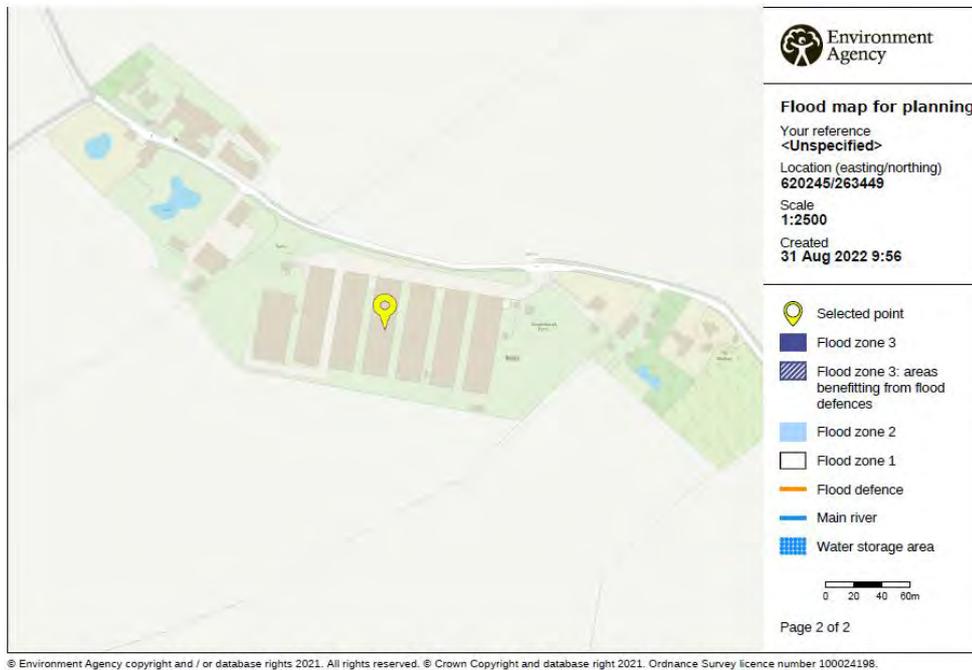
24.10 The farm has mains electricity and mains water. Dirty water is collected in holding tanks and periodically taken away. The heating in the poultry houses is by LPG fired, Hired Hand, heaters.

24.11 There is a back-up generator in the event of power failure and a water storage tank.

24.12 The bungalow has LPG fired wet radiator fired central heating.

Flooding

- 24.13 The Environment Agency website uses indicative flood maps to provide a general overview of land in flood plains and therefore potentially at risk of flooding by river or sea. In preparing this report, we have referred to the Environment Agency's maps and note that part of the Property falls within a Flood Zone 1 area, with a low probability of flooding. The flood map is shown below.



Radon

- 24.14 With regard to the Property, we have referred to the indicative Atlas of Radon in England & Wales, published on the Health Protection Agency website. On this map the probability of properties in this area being above the Action Level is less than 1%.



Tenure

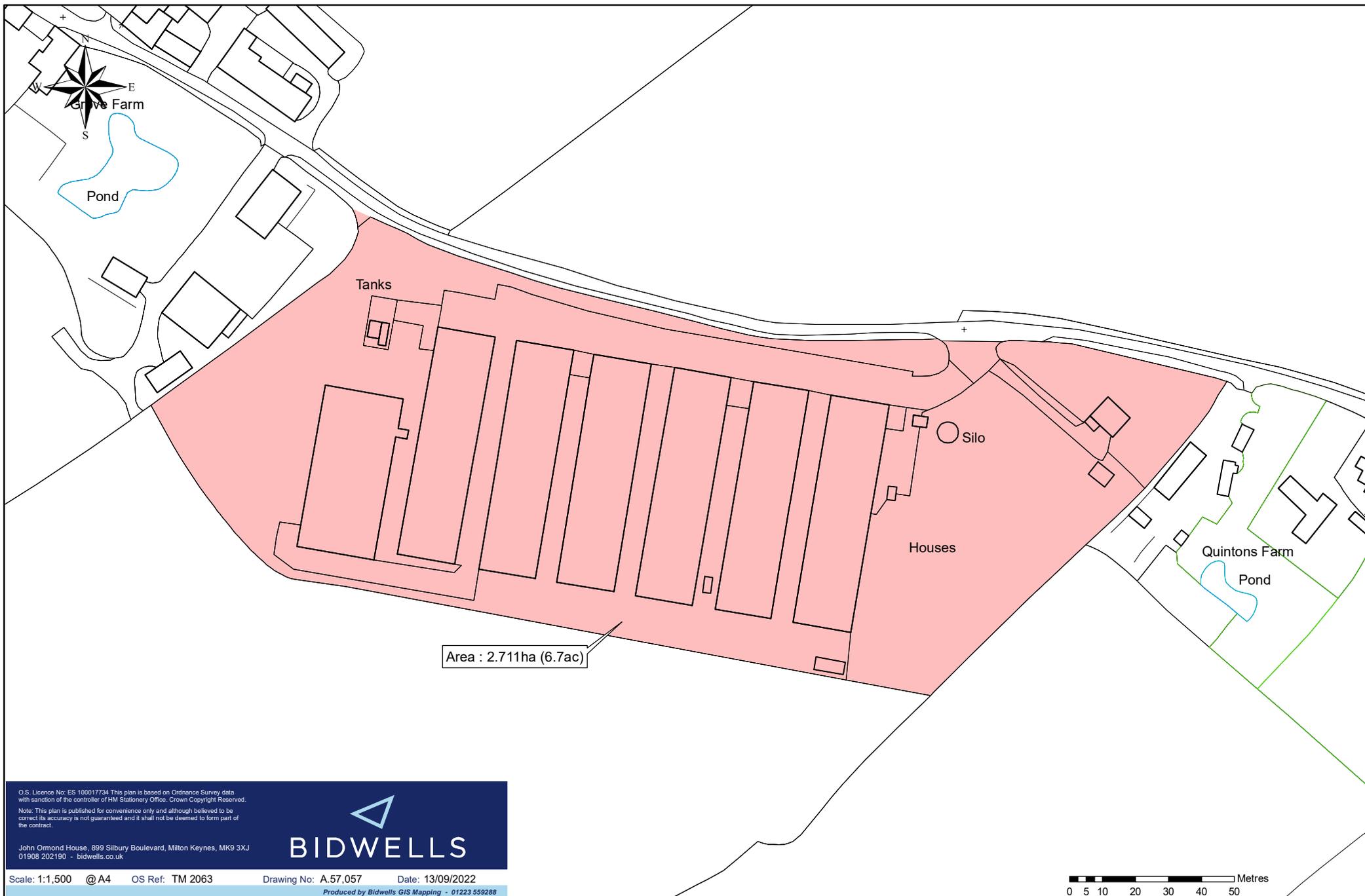
24.15 Access is taken direct off the public highway.

Factors Affecting Location

24.16 In our opinion the main valuation considerations are as follows:

- The property is in a long-established area for poultry use. It is in a good location/setting for poultry and access is direct from the public highway.
- The farm is well laid out and has surplus land and expansion potential.
- The poultry houses have been well maintained and are presented in good order.
- The farm was substantially refurbished in 2009/2010. The farm is an M & S Oakham Gold farm with high welfare standards
- The farm is of a sufficient size to enable the operator to create operational efficiencies and economies of scale. It can grow up to 136,000 birds on permit (JP3033UR).

Crowborough Farm, Ashfield



Area : 2.711ha (6.7ac)

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THIS TITLE IS DEALT WITH BY HM LAND REGISTRY, KINGSTON UPON HULL OFFICE.

TITLE NUMBER: SK207694

There is/are applications(s) pending against this title.

A: Property Register

This register describes the land and estate comprised in the title.

SUFFOLK : MID SUFFOLK

- 1 (14.08.2000) The Freehold land shown edged with red on the plan of the above Title filed at the Registry and being Crowborough Farm, Grove Lane, Ashfield, Stowmarket (IP14 6LZ).

B: Proprietorship Register

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

Title absolute

- 1 (14.06.2005) PROPRIETOR: RANNOCH FOOD GROUP LIMITED (Co. Regn. No. 04408748) of Mani Firs, London Road, Kirton, Boston, Lincolnshire PE20 1JE.
- 2 (14.06.2005) The price stated to have been paid on 4 April 2005 was £457,400.
- 3 (25.09.2013) RESTRICTION: No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the Charge dated 10 September 2013 in favour of Robert John Williams, Susan Cooper and John Dutton, The Trustees of Rannoch Food Group Pension Scheme, referred to in the Charges Register.

C: Charges Register

This register contains any charges and other matters that affect the land.

- 1 (25.09.2013) REGISTERED CHARGE dated 10 September 2013 affecting also other titles.
NOTE: Charge reference NK172789.
- 2 (25.09.2013) Proprietor: ROBERT JOHN WILLIAMS of Haughley Park House, Stowmarket IP14 3JY and SUSAN COOPER of 7 Larks Gate, Fornham All Saints, Bury St. Edmunds IP28 6HY and JOHN DUTTON of 23 Cley Hall Drive, Spalding PE11 2EB The Trustees of Rannoch Food Group Pension Scheme.
- 3 (12.09.2019) The land is subject to the lease set out in the schedule of leases hereto.

Title number SK207694

Schedule of notices of leases

	Registration date and plan ref.	Property description	Date of lease and term	Lessee's title
1	12.09.2019	Crowborough Farm	20.08.2019 5 years and 6 months from 1 December 2018	

End of register



TITLE NUMBER
SK207694



SUFFOLK : MID SUFFOLK

ORDNANCE SURVEY MAP REFERENCE:

TM2063SW

SCALE 1:2500

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**VALUATION CALCULATIONS
RANNOCH FOOD GROUP
CROWBOROUGH FARM, IP14 6LZ
SEPTEMBER 2022**



Rental valuation - Market Rent

	Area (sq.ft)	Rate per sq.ft	Market Rent (p.a)
Houses 1-7	92,697	£2.00	£185,394
		Say	£185,000

Market Value with Vacant Possession

Building	Age	Area (sq.ft)	Rate per sq.ft (£)	Total (£)
House 1	1970-1980's	13,149	£18.00	£236,682
House 2	1970-1980's	13,524	£18.00	£243,432
House 3	1970-1980's	13,323	£18.00	£239,814
House 4	1970-1980's	13,258	£18.00	£238,644
House 5	1970-1980's	13,104	£18.00	£235,872
House 6	1970-1980's	13,080	£18.00	£235,440
House 7	1970-1980's	13,259	£18.00	£238,662
		92,697		£1,668,546

Dwelling - 3 bed bungalow		775	£110,000
Land (acres)	0	0	£0
		Total	£1,778,546
		Say	£1,775,000

Market Value subject to the FBT

Rent (p.a) now to June 2029		£162,665
Yield of 9% for 6.75 years (single rate) - YP multiplier		4.8962
		£796,440
VP value (£1,775,000) PV at 9% deferred for 7ye€	0.5470	£970,925
		£1,767,365
Less Purchasers Costs		£108,797
		£1,658,568
	Say	£1,650,000

Market Value subject to the FBT - with a 90 day sale restriction

MV calculated as above	£1,767,365	less 30%	£1,237,156
		less purchasers costs	£73,008
			£1,164,148

VALUATION CALCULATIONS
RANNOCH FOOD GROUP
CROWBOROUGH FARM, IP14 6LZ
SEPTEMBER 2022



Say

£1,165,000

Factors Affecting Value:

- 1) Broiler farm (135,000 birds)
- 2) Established location for poultry
- 3) Mid 1970's sheds but refurbished approx. 9 years ago. Tin roofs. LPG heating to hired hands. New equipment when sheds refurbished.
- 4) Three bed bungalow for farm manager.
- 5) Valued in 2018 at £1,485,000

