

Report and Valuation

Prepared for



Land at Valley Farm, Stoke, Andover, Hants

7th March 2016



Contents

| | Page |
|--------------------------------------------------|------|
| 1 Instructions & Terms of Reference | 1 |
| 2 Location | 4 |
| 3 Situation | 4 |
| 4 Description | 5 |
| 5 Tenure and Occupation | 6 |
| 6 Environmental Considerations | 7 |
| 7 Planning Policy & Development Potential | 8 |
| 8 Planning History | 8 |
| 9 Prevailing Market Conditions and Future Trends | 9 |
| 10 Valuation Methodology and Comparable Evidence | 11 |
| 11 Valuation Summary | 12 |
| 12 Verification | 12 |
| 13 Confidentiality | 13 |

Appendices

- 1 Instruction Letter
- 2 Location & Site Plans
- 3 Photographs

7th March 2016
WNRU363196



Rowanmoor Trustees Ltd
Rowanmoor House
46-50 Castle Street
Salisbury
Wilts SP1 3TS

FAO : Mrs Katie Ross

Charles Seligman
E: cseligman@savills.com
DL: +44 (0) 1962 834 016
F: +44 (0) 1962 834 040

Jewry Chambers
44 Jewry Street
Winchester SO23 8RW
T: +44 (0) 1962 834 090
savills.com

Dear Sirs

Re.: Land off Stoke Road, Stoke, Hampshire (The Property)
Ref.: The Clayton Ponting Executive Pension Scheme (Your client)

1. Instructions and Terms of Reference

1.1. Instructions

- 1.1.1. In accordance with verbal instructions received by your fellow Trustee, Mr Colin Ponting and as confirmed in our letter of acceptance, dated February 29th 2016, we have made all relevant enquiries in order to provide you with our opinions as to the Market Value of The Property
 - 1.1.1.1. with vacant possession and
 - 1.1.1.2. subject to the prevailing Agricultural Holdings Act 1986 Tenancy.
- 1.1.2. A copy of our terms of engagement is reproduced at **Appendix 1**.

1.2. Date of Valuation

- 1.2.1. Our opinions of value are as at the date of this report.
- 1.2.2. The importance of the date of valuation must be stressed as property values can change over a relatively short period of time.

1.3. Extent of Due Diligence Enquiries and Information Sources

- 1.3.1. The extent of the due diligence enquiries we have undertaken and the sources of information we have relied upon for the purposes of our valuation are stated in the relevant sections of our report.
- 1.3.2. Where we have been provided with certain information we have summarised the relevant details in our report. We do not accept responsibility for any errors, or omissions that may exist in said information, nor for any consequences that may flow from such errors or omissions.

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

Savills (UK) Limited. Chartered Surveyors. Regulated by RICS. A subsidiary of Savills plc. Registered in England No. 2605138.
Registered office: 33 Margaret Street, London W1G 0JD

1.4. Purpose of Valuation

- 1.4.1. We understand the Valuation is required to assess the performance of The Property and allow for the management of the Pension Scheme within which it is held.

1.5. Compliance with The Royal Institution of Chartered Surveyors' (RICS) Valuation Standards

- 1.5.1. This report has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards ("The Red Book") and in particular in accordance with the requirements of Valuation Standard VS6, entitled Valuation Reports.

1.6. Conflicts of Interest

- 1.6.1. Whilst we have provided advice to Colin Ponting and the Trustees in the past, we are not aware of a conflict of interest with either The Property, or any of the parties to this matter, that prevents us from providing independent valuation advice.
- 1.6.2. We have accordingly valued The Property as External Valuers, in accordance with "The Red Book".

1.7. Standard Conditions and General Assumptions

- 1.7.1. Our valuation has been carried out on the basis of our Standard Conditions and General Assumptions, which are attached to our Instruction Letter at **Appendix 1**.

1.8. Knowledge and Skills of the Valuer

- 1.8.1. The valuation has been conducted by Charles Seligman MRICS and audited by Simon Peck MRICS.
- 1.8.2. Both are Directors of Savills (UK) Ltd., are experienced in the valuation of this type of property in this location and have the necessary knowledge and experience to carry out a valuation of this nature.



1.9. Date and Extent of Inspection

- 1.9.1. The Property was inspected by Charles Seligman on the morning of February 26th 2016.
- 1.9.2. We were unaccompanied during our inspection and were able to inspect all of the land.
- 1.9.3. The weather conditions during our visit were good.

1.10. Basis of Valuation

- 1.10.1. In accordance with your instructions we have provided our opinion of the Market Value of The Property.
- 1.10.2. In doing so we have adopted the RICS' standard definition of Market Value, as follows :

Market Value (MV)

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.

2. Location

- 2.1. The Property is located in the hamlet of Stoke, between the villages of St Mary Bourne (two miles to the South East) and Hurstbourne Tarrant (one mile to the North West) in Hampshire.
- 2.2. There are no amenities in Stoke. Those in Hurstbourne Tarrant include a Post Office, a Primary School, a Pub, a Garage, a Community Centre & a Church.
- 2.3. Further amenities are available in the nearby towns and Cities of Andover (three miles to the South West), Newbury (17 miles to the North East) and Winchester (21 miles South East).
- 2.4. Communication links to The Property are good. The A34, which connects to the M3 and M4 is 13 miles to the East. A direct train service runs from Andover to London Waterloo, the journey time is approximately one hour and ten minutes.
- 2.5. Ordnance Survey extracts showing the location of The Property are attached at **Appendix 2**.

3. Situation

- 3.1. The Property comprises two parcels of bare farm land, that is with no buildings, measuring some 123 acres (50 hectares) in total. They are divided into a Northern and Southern parcel by Stoke Lane – a B road that crosses the land from West to East.
- 3.2. Valley Farm (which comprises two dwellings and some farm buildings) is situated at the centre of the Eastern boundary of both parcels. There is another dwelling to the North East of valley Farm and there are two dwellings on Stoke Lane, close to the Western boundary. The Property is otherwise surrounded by open countryside.
- 3.3. A site plan of The Property is attached at **Appendix 2**. The boundaries are outlined in red for identification purposes only.

4. Description

Northern Parcel

- 4.1. The access to this land is via a hardcore track that leads from the public highway to the South, through Valley Farm and forms the Eastern boundary of the parcel.
- 4.2. We are unaware as to the ownership of the track and have assumed that a Right of Way exists over it to reach the land. We would recommend that this position be clarified by the Pension Fund Manager.
- 4.3. The land, which slopes steeply upwards from the Southern boundary, is subdivided into three parcels by mature hedgerows. It measures some 32 acres in total and is bounded on the remaining three sides by open farmland.
- 4.4. On the date of our inspection the Western field was down to pasture, the Northern field was scrubby pasture and the Eastern field was cultivated for cereal production.

Southern Parcel

- 4.5. Stoke Lane forms the Northern boundary of this parcel and access to the land is available directly from the public highway. It is bounded by open farmland to the East and West and woodland to the South.
- 4.6. Sloping gradually upwards from the road, the land, which measures approximately 91 acres in total, is subdivided into six parcels by mature hedgerows and barbed wire fences.
- 4.7. Four of the fields were down to pasture on the date of our inspection, whilst two were being used for cereal production. There is a parcel of mature, deciduous woodland on the Western boundary.
- 4.8. The Bourne Rivulet runs through one of the fields and we found this field to be wet on the date of our inspection.

Both Parcels

- 4.9. The land is classified as Grade 3 on the DEFRA Agricultural Land Classification Maps, where the scale runs from 1 to 5, Grade 1 being the most productive and versatile land.
- 4.10. There are two soil types. The bulk of the land is shallow, lime rich, over chalk or limestone, whilst the land at the centre is a loamy and clayey floodplain with naturally high groundwater.
- 4.11. The first is of lime rich fertility and is considered suitable for arable and grassland, whilst the second is of moderate fertility and considered suitable for grassland and some arable.
- 4.12. Photographs of The Property, taken during our inspection, are attached at **Appendix 3**.

5. Tenure and Occupation

- 5.1. We have had regard to the Land Registry entries for The Property – Title Numbers HP530905, HP767324 and HP426841. All three record Colin Ponting and Rowanmoor Trustees Ltd as the owners of the Freehold title. Clayton Ponting is included as an owner of the second title.
- 5.2. Whilst we have not seen a Report on Title, we have assumed that the above named can prove good title to their interest in The Property.
- 5.3. In 2009 we were provided with a schedule of the Ponting Family's Land Ownership by their Solicitors at that time - Barker, Son and Isherwood.
- 5.4. We have referred to that schedule again, together with the Land Registry entries and note it includes land that is not the subject of this valuation.
- 5.5. We have assumed that the schedule is correct and reserve the right to revise our reported figures if that is not the case.
- 5.6. The schedule states that all of the subject property was acquired by CP Ltd on January 14th 1977.
- 5.7. We understand that ownership of the Freehold interest in the subject property was subsequently transferred to the Clayton Ponting Executive Pension Fund.
- 5.8. We understand that all of the land is now let on four separate 21 year leases, commencing on 25th March 1986, 21st December 1987, 15th January 1988 and 30th April 1991 respectively, to CP Farms Ltd.. The leases include the land which is the subject of this valuation.
- 5.9. As all of the tenancies commenced before 1st September 1995, they are governed by the Agricultural Holdings Act 1986.
- 5.10. The initial terms of all of the leases are now spent and the tenancies are continuing on a year to year basis.
- 5.11. We understand the rent was reviewed for all four leases in October 2014, when sums of £70 per acre for arable land and £55 per acre for pasture land were agreed. This resulted in a revised rent for the land subject to this valuation of approximately £7,190 per annum.
- 5.12. We note the Tenant is a Company and would draw your attention to the fact that, whilst the Company remains in existence, there is no statutory mechanism by which the tenancy can be terminated. Accordingly we are of the opinion that the Lease might continue in perpetuity.
- 5.13. We have assumed that if the land is registered to receive the Basic Payment any such Entitlements are held by the Tenant and, in the event of a sale with vacant possession, The Property would be transferred without said Entitlements.

Public Rights of Way

- 5.14. By reference to the Definitive Map for Hampshire we have established that no public rights of way cross The Property.

6. Environmental Considerations

- 6.1. We have not commissioned an Environmental Audit and our enquiries have been limited to our visual inspection and an internet based search. During our inspection we saw no obvious signs of contamination in the vicinity and our valuation has been prepared on the assumption stated below.
- 6.2. We have downloaded a brief Envirocheck report from the Landmark Information Group website, centred on the post code of Valley Farm. This states :
- The centre of the post code is within 500m of an area potentially affected by flooding;
 - There is a low potential risk of foundation damage to domestic properties from subsidence hazards within the neighbourhood;
 - The neighbourhood is not within a radon affected area, nor a coal mining area;
 - There are no known landfill / waste processing site within the postcode.
- 6.3. We have also downloaded plans from the Environment Agency web site and established that the field in the Southern parcel which adjoins Stoke Lane, is at risk from flooding.

Assumption

- 6.4. As our informal enquiries have suggested land contamination is unlikely, or insignificant, we have valued The Property on the basis that it has not suffered any land contamination in the past, nor is it likely to be so contaminated in the foreseeable future. However, should it be established subsequently that contamination exists at The Property, or on any neighbouring land, or that The Property has been, or is being, put to a contaminative use, this might reduce the value reported.

7. Planning Policy and Development Potential

- 7.1. The Property falls within Basingstoke & Deane Borough Council's (BDBC) jurisdiction.
- 7.2. Basingstoke & Deane Borough Council (BDBC) adopted the Local Plan 1996-2011 on July 17th 2006.
- 7.3. Under the new planning policy system, introduced by the Planning & Compulsory Purchase Act 2004, its policies would have expired three years after adoption, unless the Secretary of State issued a direction to save them. The Secretary of State issued such a Direction on 30th June 2009, saving certain of the policies as requested by the Borough Council.
- 7.4. BDBC is continuing to work on the delivery of its new Local Plan.
- 7.5. The Local Plan designates all of the land subject to this valuation as Countryside.
- 7.6. We are of the opinion that this designation will serve to preclude development on The Property for the foreseeable future.

8. Planning History

- 8.1. We could find no planning history for The Property on Basingstoke & Deane Borough Council's web site.
- 8.2. We understand there are no outstanding planning applications in relation to The Property.

9. Prevailing Market Conditions and Future Trends

- 9.1. Savills Rural Research Department issued its most recent analysis of the Farmland Market on on February 25th 2016.
- 9.2. The Department's report opened with the news that in 2015, for the first time in a decade, the Savills Farmland Value Survey had recorded falls in arable land values in the Eastern counties of England, where growth has been most significant and values highest of late. Grassland values, generally in the West, which have lagged behind arable values, have continued to rise and this change has created an East West divide in terms of value growth.
- 9.3. Supply and demand have, as ever, played their part in determining land values. Just short of 176,500 acres of farmland were publicly marketed across Great Britain in 2015. This was an increase of 24%, or an additional 34,000 acres when compared with 2014. Across England market activity increased by 16% to around 120,000 acres with a clear divide between the Eastern and Western regions of the country, with increased supply in the East, compared to a reduced supply in the West.
- 9.4. The Department's analysis of farm transactions across Great Britain, where Savills acted for the seller, or buyer, continues to show the range of motives amongst both groups remains diverse.
- 9.5. Farmers were sellers in 50% of all transactions. This is the highest level for seven years and reflects the pressure on commodity prices and the weak short term outlook for agriculture. 26% of all sellers cited retirement as the principal reason for selling, which was also the highest for seven years. However, 40% of farmers who were selling cited retirement as their reason, which suggests some, especially those without successors, were choosing to take advantage of current high land values to retire. Relocation was given as the motive in 22% of transactions and investment in other classes in 24%.
- 9.6. Across all sellers the proportion selling for debt related reasons was just below 20%. This is the highest it has been for many years, despite base rates of 0.5%, and raises cause for concern.
- 9.7. Farmers represented 43% of all buyers in 2015, this was the lowest proportion since 2003 and also reflects a more cautious sentiment. The proportion of lifestyle buyers buying for the first time was 16%. This is lower than the 23% recorded in 2014 and is back to 2013 levels, which again suggests caution amongst this sector. Institutional and Corporate buyer activity accounted for 10% of the market, which is similar to historical levels.
- 9.8. Cash remained the predominant source of purchasing funds last year, in 80% of transactions. This includes rollover proceeds, used by 7% of buyers and the Department expects this figure to increase as post recession development activity builds.

- 9.9. The Department admits that forecasting future values for the farmland market is far from easy, particularly following a year when a wide range of sale prices were achieved.
- 9.10. Agricultural incomes are under pressure, with some commodity prices back to 2008 levels. Whilst lower energy and feed costs will partially offset lower output prices, the strong pound makes exports less competitive. The Department suspects debt may increase the number of farms coming to the market, although it is likely to be the smaller farms that are affected and it doesn't expect supply to increase significantly unless there is a threat to direct farm subsidies due to a UK exit from the European Union, or a significant negative change in the capital tax treatment of farmland.
- 9.11. It believes demand for farmland in the short term will be more localised, with areas of strong and weak demand within a few miles of each other. Top performing farmers will continue to be in the market for the right opportunities, whilst non farmer demand, with the expected growth in prime country residential markets over the next five years, will continue to support prices, especially on residential and amenity type farms. However, investor demand may weaken as the performance of alternative assets improves.
- 9.12. The Department has downgraded its forecasts for the next five years in the light of recent market evidence and the short to medium term expectations for commodity prices, with resulting falls in profitability. It expects values to be much more varied than in the past five years and believes exceptional prices may still be achieved if all the right factors come together, but conversely thinks it very likely more farms will fail to reach vendors' expectations.
- 9.13. It expects these market conditions to last three to four years, until commodity prices start to recover following stronger global growth. It concludes, though, with the upbeat statement that the fundamental factors supporting UK farmland value growth remain – low supply, a finite product, competing land uses and a variety of ownership motives.

10. Valuation Methodology and Comparable Evidence

- 10.1. In arriving at the market value of land on a freehold, vacant possession basis, it is normal to consider directly comparable sales of similar properties in the locality and we have followed that approach.
- 10.2. Our analysis of recent land sales suggests Grade 3 arable land is commanding somewhere in the order of £10,000 to £12,000 per acre and we have adopted a figure of £10,500 per acre in this instance.
- 10.3. The market for pasture land is poorer in Hampshire and we have accordingly adopted values of £7,500 per acre for the bulk of the land, £7,000 per acre for the wet pasture and £6,000 per acre for the scrub land.
- 10.4. Recent comparable sales evidence of amenity woodland is limited and suggests values for small plots in the order of £4,000 per acre, a figure we have adopted.
- 10.5. We have then had regard to the fact that The Property is subject to a 1986 Agricultural Holdings Act Lease.
- 10.6. We note the Tenant is a Company, as opposed to a private individual and that, as a result, the Lease might continue in perpetuity.
- 10.7. We have also had regard to the present low rent and that this is unlikely to be able to be increased significantly in the short term.
- 10.8. We are of the opinion, therefore, that any prospective purchasers of The Property would expect to secure a significant discount to its vacant possession value and have adopted a discount of 40% accordingly. This is in line with discounts applying to recent sales of investment land let on similar terms.
- 10.9. We have also capitalised the rent passing as a secondary method of valuation.
- 10.10. We have assumed that rental payments would be made half yearly in arrears and have adopted a yield of 1.25%, which we feel accurately reflects the very low risk of the investment.
- 10.11. We have adopted the mid point between these two sums as our reported value.

11. Valuation Summary

- 11.1. Having had regard to our comments and assumptions detailed within this report and in light of the comparable evidence we are of the opinion that
 - 11.1.1. the Market Value of The Property as at the date of this report, with vacant possession, is fairly represented by a figure of £1,020,000 (One million and twenty thousand pounds).
 - 11.1.2. the Market Value of The Property as at the date of this report, subject to the Agricultural Holdings Act Tenancy, is fairly represented by a figure of £595,000 (Five hundred and ninety five thousand pounds).

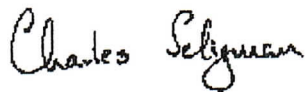
12. Verification

- 12.1. This report contains certain assumptions, some of a general and others of a specific nature. In addition our valuation is based upon information supplied to us by others and facts we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of our report.
- 12.2. We would strongly recommend that The Directors satisfy themselves on all these points, either by verification of individual points, or by judgement of the relevance of each particular point in the context of the purpose of our valuations. Our valuation should not be relied upon pending this verification process.

13. Confidentiality

- 13.1. In accordance with the recommendations of the RICS we would state that this report is provided solely for the purposes stated above. It is confidential to and for the use only of the parties to whom it is addressed and no responsibility whatsoever is accepted to any third party for the whole, or any part, of its contents. Any such parties rely upon this report at their own risk.
- 13.2. Neither the whole, nor any part of this report, or any reference to it, may be included now, or at any time in the future, in any published document, circular, or statement, nor published, referred to, or used in any way without our written approval of the form and context in which it may appear.

Yours faithfully
For and on behalf of Savills (UK) Ltd

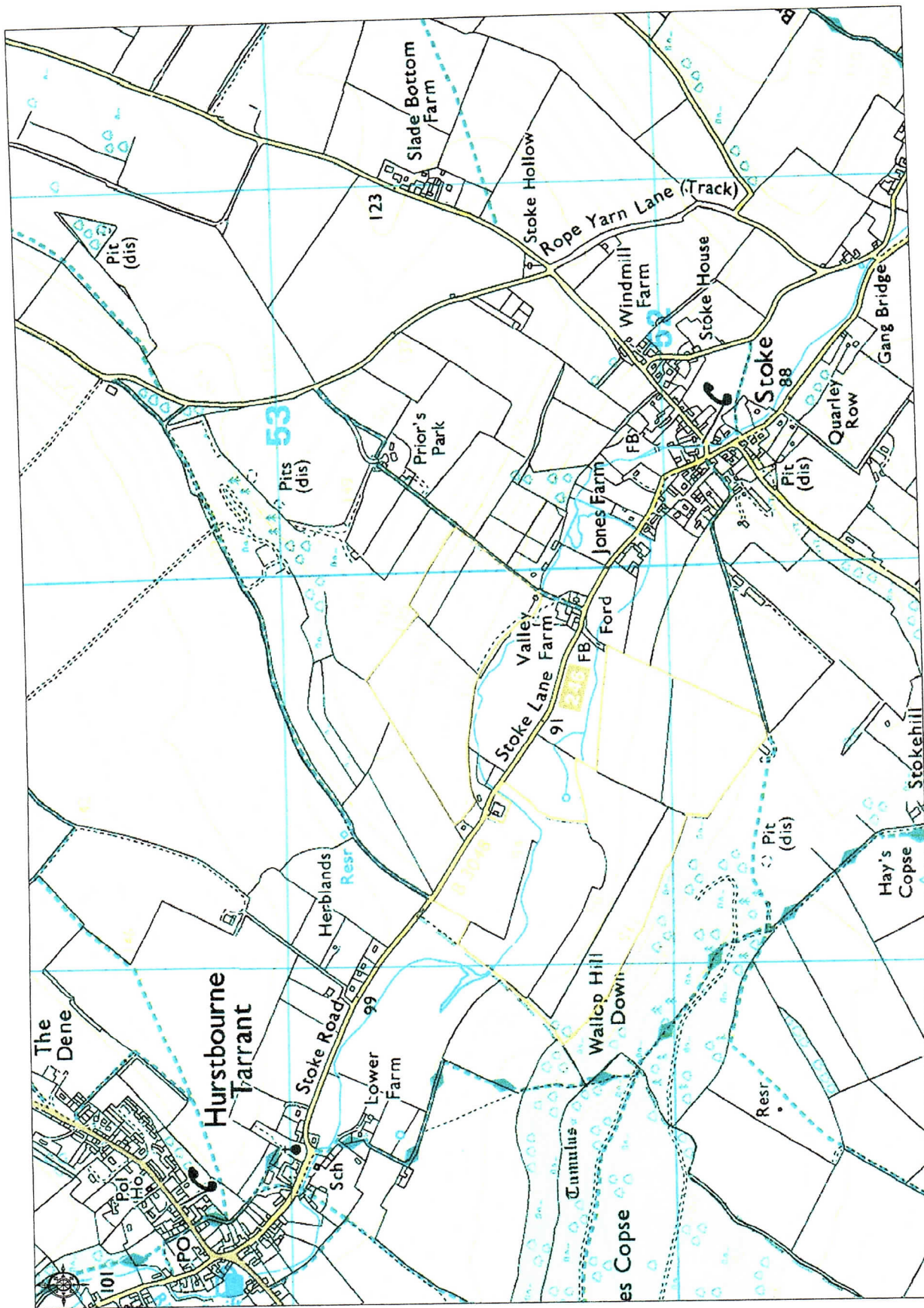
A handwritten signature in black ink that reads "Charles Seligman".

Charles Seligman MRICS
Director
RICS Registered Valuer

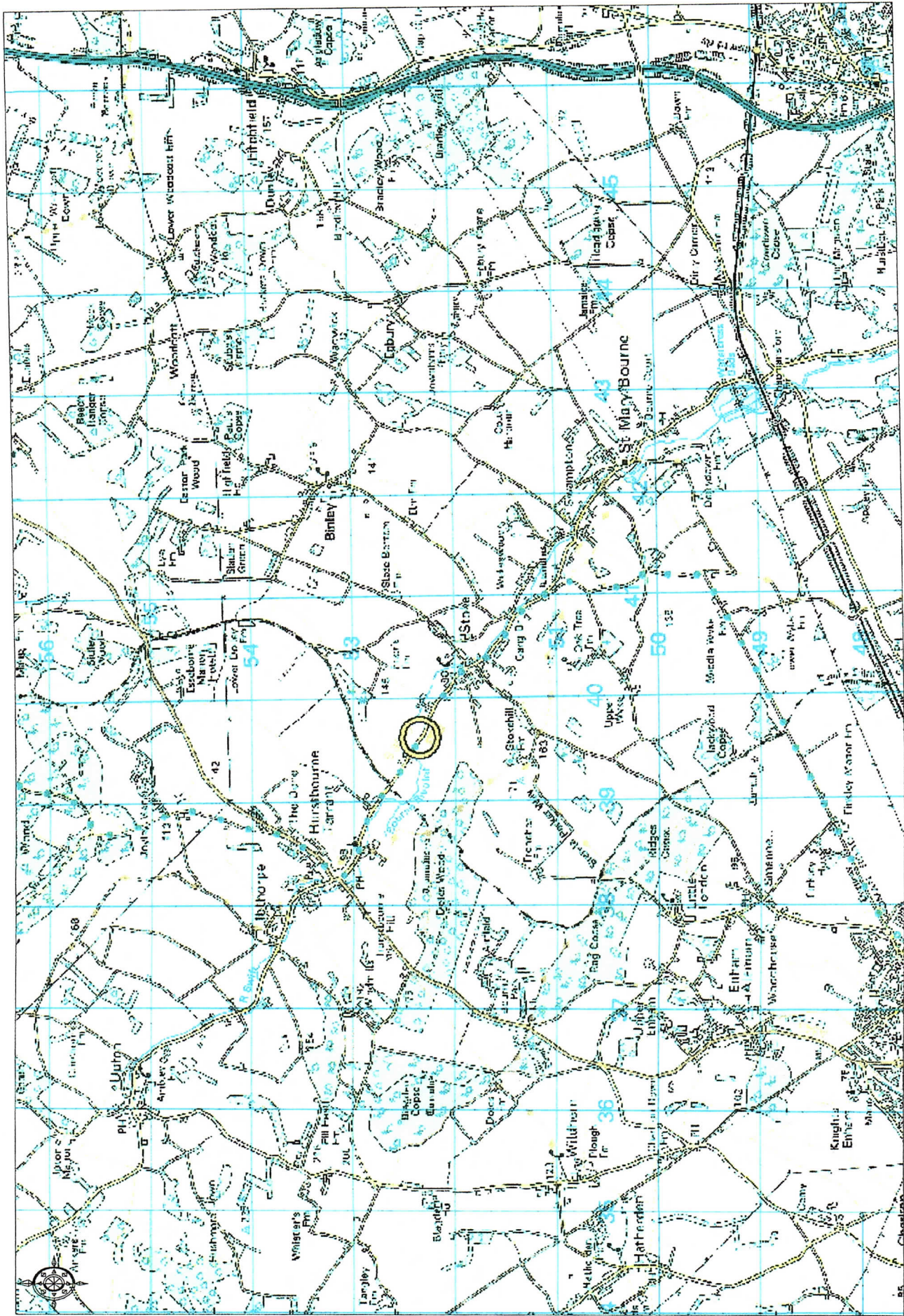
Countersigned by

A handwritten signature in blue ink that appears to read "Simon Peck".

Simon Peck MRICS
Director
RICS Registered Valuer

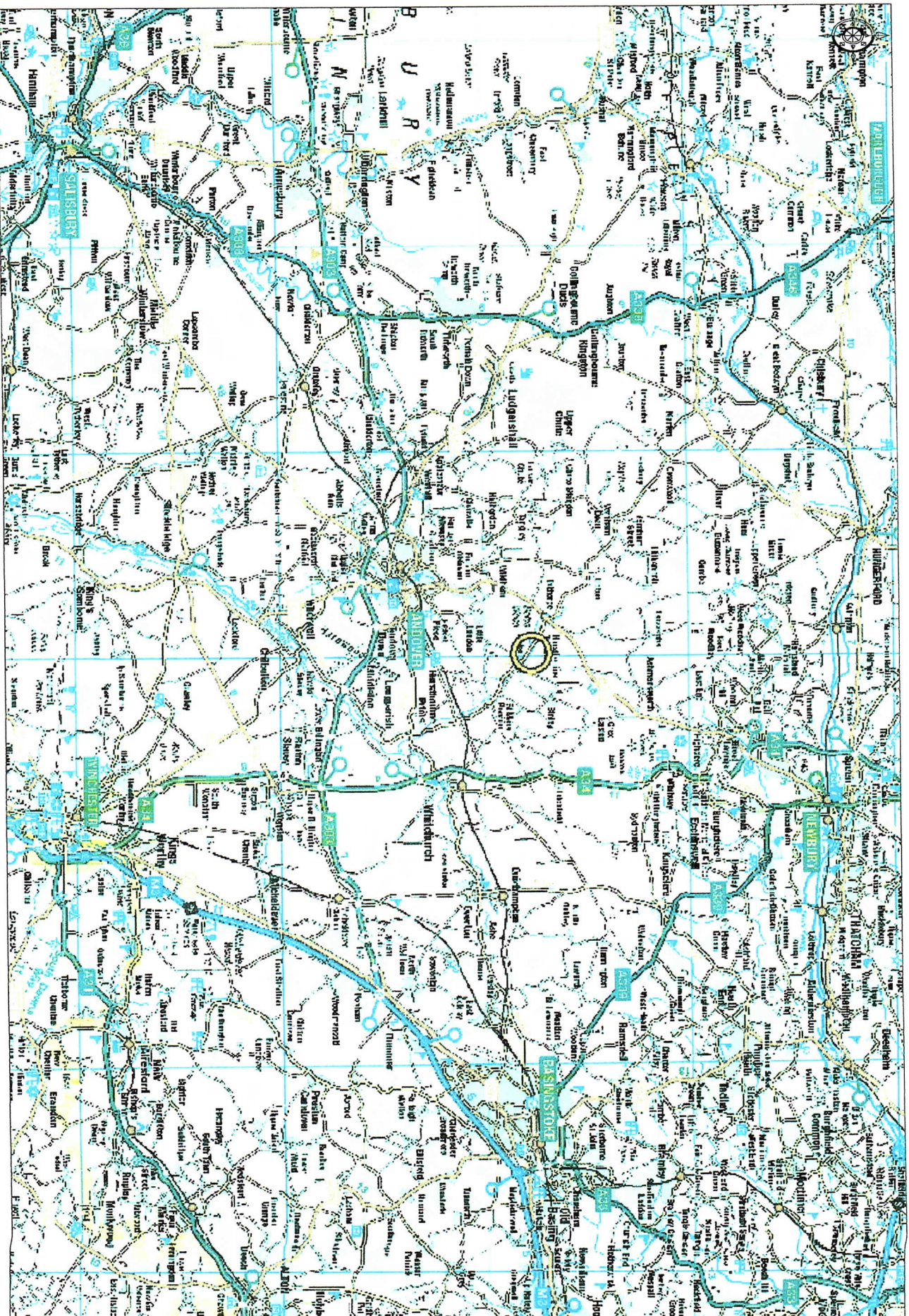


Land at Stoke, Hampshire

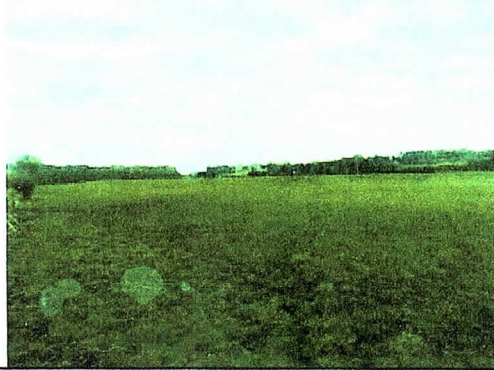


Ordnance Survey © Crown Copyright 2016. All rights reserved. Licence number 100022432. Photol Scale - 1:50000

Land at Stoke, Hampshire



Ordnance Survey © Crown Copyright 2016. All rights reserved. Licence number 100027432. Printed Scale: 1:250000



Electric



Upper Wallops



Above West Bank



Foxes Grass



Valley



Above Valley



Gossens



Overview from Northern Boundary