

WRITTEN EXAMINATION

PAPER I

11 NOVEMBER 2010

9.00am – 10.30am

Time Allowed – 1½ Hours

Instructions to Candidates:

1. Complete the Green Examination Information Sheet by stating your examination candidate number (not your name) together with the area in which you are practising and the local Association of which you are a member. Attach the green sheet to the top of your answer pad and ring the numbers of the **two** questions that you have answered.
2. Write your candidate number (not your name) on each page. Put the number of the question and the page in the top right hand corner.
3. Write on one side of the paper only, leaving the margin on the left- hand side.
4. Start each answer on a separate sheet and place your answers in numerical order.
5. Time has been allowed for you to read through the Question Paper **and plan** your answers.
6. You should attempt to answer **two** out of the three questions, ringing their numbers on the green sheet.
7. All questions carry equal marks: 20 each.
8. Questions are framed so as to minimise the need to make assumptions but state clearly any that you do make and the reasons for them.
9. Where appropriate, you will be expected to state the relevant Act, Statutory Instrument or case upon which you have based your answers.
10. You may use imperial or metric measurements in your answers. Please indicate which units you are using.
11. The presentation and clarity of your answers is important.

PAPER 1 Q 1

You act for The Right Hon Herbert Pratt (HP). HP has various farming and business interests, all of which are directly affected by the route of a new High Speed Rail Link (HSRL) which will be proceeding to construction following a recent public inquiry and the granting of planning consent for the scheme. HP has sacked his previous advisors following their failure to persuade the Inquiry to reroute the scheme off his property.

His interests include:

- The ownership of Pratt Towers, a large mansion set in 200 acres of parkland used as a hotel and golf club let to a limited company on a 50 year lease (30 years unexpired), the directors and shareholders of which are HP, his wife and 3 children.
- An Agricultural Holdings Act (AHA) tenancy in his name on an adjoining 2,800 acres including house and buildings where HP and his family live and which HP farms.
- A contract farming arrangement in his name whereby HP is the contractor on 1,500 acres of bare arable land for his neighbour, Mr Branston.
- Ownership of an area of land identified by the Inquiry as being suitable for the freight terminal exclusively for the new HSRL owned by him personally.

HP has advised you that the route of the HSRL will pass within 1km of the hotel and directly affect the golf course layout and will pass directly through the AHA and contract farming land. HP wishes to meet with you to discuss in principle his rights to compensation with a view to instructing you to act on his behalf with regard to any claims he may or may not have.

In advance of that meeting please prepare notes outlining in brief terms your advice on the following – please quote relevant statutes and case law but do not produce a valuation.

- a) What are the compensatable interests and where do those rights derive from in statute? **(5 marks)**
- b) What will be the date of valuation? **(2 marks)**
- c) Outline the basis of valuation quoting relevant case law **(6 marks)**
- d) Outline the heads of terms of the claims in respect of the leasehold interest in Pratt Towers and the freehold interest in the freight terminal. **(4 marks)**
- e) What rights of appeal does HP have if you cannot agree the quantum of his claim with the acquiring authority? **(3 marks)**

PAPER I Q 2

You have been asked to advise the tenant of a holding leased on an Agricultural Holdings Act tenancy about a forthcoming rent review. A valid notice has been served by the landlord for a rent review as at 25th March 2011.

The farm comprises the following:

- A 4 bedroom period farmhouse which the tenancy agreement obliges your client to occupy.
- 250 acres of arable land used for combinable crops
- 100 acres of grassland supporting a suckler herd with progeny sold as stores.
- Range of modern buildings for cattle and machinery storage provided by the landlord.
- Range of traditional stone farm buildings no longer suitable for modern farm practices.
- Modern grain storage building provided by the tenant with landlord's written consent.

Overall the holding produces a gross margin of £80,000 from its agricultural activities and £26,000 from the Single Payment Scheme claim.

In addition, there is a 2 bedroom cottage let on an assured shorthold tenancy (short assured tenancy in Scotland) with landlord's consent at £600 per calendar month. The landlord takes 40% of the gross rent.

In advance of your meeting with your client prepare bullet points explaining how the rent will be assessed at review. Your client is keen to fully understand his position and the mechanisms involved. Your notes should cover:

- a) The statutory basis for the review and the items to be taken into account in determining the rent properly payable, including the information you will be seeking from your client. **(5 marks)**
- b) An example rental calculation based on the information given above. **(6 marks)**
- c) A brief explanation of what happens if negotiations have failed to agree a new rent by the review date and timescales. **(3 marks)**

Landlord and tenant have for some time been discussing a re-use of the traditional buildings. The landlord and tenant are content that they remain within the agricultural tenancy. The landlord has encouraged the tenant to obtain the necessary planning consent, building regulation approval and other permissions for their conversion to workshops. The capital cost of conversion is approximately £100,000 and the net rental income is estimated at £10,000 per annum.

- d) Both parties are keen to formalise the intended arrangement as part of the rent review. Advise how this might be structured. **(6 marks)**

PAPER I Q 3

After a lifetime as a livestock farmer your client, Ron Davies, has decided to retire. His only child has a successful career elsewhere.

The holding, known as Manor Farm, Shipcote, is situated adjoining an A road on the outskirts of a major town. It consists of 300 acres of pasture land together with a range of modern buildings. There are no traditional buildings. The complex includes the following buildings:

- 30m x 10m fully enclosed concrete block building with a concrete floor and slate roof. It is a former calf house, 3m to eaves in good condition and with many window and door openings.
- 21m x 21m building constructed from a steel portal frame, reinforced concrete panel walls to 2.4m with space boarding above, concrete floor and fibre cement roof. Openings for doors at both ends.
- 24m x 14m machinery/straw barn constructed from a steel portal frame under a fibre cement roof. The building is open on all sides and has a hardcore floor.

Mr Davies still needs to generate income from the farm and he has arranged with an arable farming neighbour to contract farm the land. He is unsure what to do with the buildings and as the planning and diversification specialist within the firm he has asked you for your advice and assistance in respect of the buildings.

Prepare notes for a feasibility report for Mr Davies addressing the following areas:

- a) Summary of planning issues for business re-use. **(5 marks)**
- b) Detail the factors that you would take into account when assessing the potential alternative use for the site and each individual building and recommend a use for each. **(5 marks)**
- c) Rental values and projected rental income for your recommended use for each building. **(4 marks)**
- d) Assessment of conversion requirements and breakdown of approximate costs for your recommended use for each building. **(5 marks)**
- e) What yield would your scheme produce for Mr Davies. **(1 mark)**