

FARM BUSINESS TENANCY

FIXED-TERM

Including information required by Schedule 1A, Land Registration Rules 2003 for use in lettings for more than seven years

The RICS Guidance Note on the 1995 Agricultural Tenancies Act (1995) and the 1995 Agricultural Tenancies Act: RICS Supplementary Guidance Note (1998) and any subsequent guidance material released with the RICS FBTA suite should be read in their entirety before any alterations to this agreement is considered.

Please note: References to the masculine include, where appropriate, the feminine.

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AGREEMENT

for a

FARM BUSINESS TENANCY

(Fixed-Term)

of

BOWFIELD FARM

between

MORTHAM ESTATES (TRUSTEES)LTD

Landlord

and

Tenant

PROVISION FOR NOTICE

IMPORTANT

Before signing this Agreement the Landlord and the Tenant should give each other a written notice identifying the Holding mentioned above and confirming that they intend that the tenancy created by this Agreement is to be, and to remain until its termination, a Farm Business Tenancy as defined by Section 1 of the Agricultural Tenancies Act 1995. A copy of the notices should be kept with this Agreement

The form of this Agreement is based on the RICS Farm Business Tenancy Agreement (4th Edition 2007) the copyright of which is owned by The Royal Institution of Chartered Surveyors.

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IMPORTANT

A lease of more than seven years is required to be completed by registration under the Land Registration Act 2002 and must include the following information required by Schedule 1A, Land Registration Rules 2003. In the case of leases for seven years or less the prescribed information may be omitted and the lease may commence with the Particulars.

- *All words in italicised text and inapplicable alternative wording in a clause may be omitted or deleted.*
- *Clause LR13 may be omitted or deleted.*
- *Clause LR14 may be omitted or deleted where the Tenant is one person.*
- *Otherwise, do not omit or delete any words in bold text unless italicised.*

LR1. Date of lease	[.....]
LR2. Title number(s)	LR2.1 Landlord's title number(s) Unregistered. LR2.2 Other title numbers <i>Existing title number(s) against which entries of matters referred to in LR9, LR10, LR11 and LR13 are to be made.</i>
LR3. Parties to this lease <i>Give full names, addresses and company's registered number, if any, of each of the parties. For Scottish companies use a SC prefix and for limited liability partnerships use an OC prefix. For foreign companies give territory in which incorporated.</i>	Landlord Mortham Estates (Trustees) Ltd Sovereign House 6 Windsor Court Clarence Drive Harrogate North Yorks HG1 2PE DL12 9AU

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	<p>Other parties <i>Specify capacity of each party, for example "management company", "guarantor", etc.</i></p>
<p>LR4. Property</p> <p><i>Where there is a letting of part of a registered title, a plan must be attached to this lease.</i></p>	<p>In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail.</p> <p>All that property known as Bowfield Farm situated in the parish of Bowes in the County of Durham full particulars of which are contained in Schedule 1.</p>
<p>LR5. Prescribed statements etc.</p> <p><i>If this lease includes a statement falling within LR5.1, insert under that sub-clause the relevant statement or refer to the clause, schedule or paragraph of a schedule in this lease which contains the statement.</i></p>	<p>LR5.1 Statements prescribed under rules 179 (dispositions in favour of a charity), 180 (dispositions by a charity) or 196 (leases under the Leasehold Reform, Housing and Urban Development Act 1993) of the Land Registration Rules 2003.</p> <p>LR5.2 This lease is made under, or by reference to, provisions of:</p> <p><i>Leasehold Reform Act 1967</i></p> <p><i>Housing Act 1985</i></p> <p><i>Housing Act 1988</i></p> <p><i>Housing Act 1996</i></p>
<p>LR6. Term for which the Property is leased</p> <p><i>NOTE: The information you provide, or refer to, here will be used as part of the particulars to identify the lease under rule 6 of the Land Registration Rules 2003.</i></p>	<p>The Term is as follows:</p> <p>A term of 10 years commencing on 6th April 2010 and ending on</p>

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	5 th April 2020.
LR7. Premium <i>Specify the total premium, inclusive of any VAT where payable.</i>	Nil
LR8. Prohibitions or restrictions on disposing of this lease	This lease contains a provision that prohibits or restricts dispositions.
LR9. Rights of acquisition etc.	<p>LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land</p> <p>None</p> <p>LR9.2 Tenant's covenant to (or offer to) surrender this lease</p> <p>None</p> <p>LR9.3 Landlord's contractual rights to acquire this lease</p> <p>None</p>
LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property	None
LR11. Easements	<p>LR11.1 Easements granted by this lease for the benefit of the Property</p> <p>None</p> <p>LR11.2 Easements granted or reserved by this lease over the</p>

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	<p>Property for the benefit of other property</p> <p>None</p>
<p>LR12. Estate rentcharge burdening the Property</p>	<p>None</p>
<p>LR13. Application for standard form of restriction</p> <p><i>Set out the full text of the standard form of restriction and the title against which it is to be entered. If you wish to apply for more than one standard form of restriction use this clause to apply for each of them, tell us who is applying against which title and set out the full text of the restriction you are applying for.</i></p> <p><i>Standard forms of restriction are set out in Schedule 4 to the Land Registration Rules 2003.</i></p>	<p>The Parties to this lease apply to enter the following standard form of restriction against the title of the Property]</p>
<p>LR14. Declaration of trust where there is more than one person comprising the Tenant</p> <p><i>If the Tenant is one person, omit or delete all the alternative statements.</i></p> <p><i>If the Tenant is more than one person, complete this clause by omitting or deleting all inapplicable alternative statements.</i></p>	<p>The Tenant is singular</p>

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PARTICULARS

Column 1

The Landlord

The Tenant

The Holding

The Term

The First Day of the Term

The Last Day of the Term

The Rent

The Rent Days

The First Rent Day

The Prescribed Rate

Column 2

MORTHAM ESTATES (TRUSTEES)LTD of The Estate
Office Egglestone Abbey Barnard Castle Co Durham
DL12 9TN

All that property known as Bowfield Farm in the Parish of
Bowes in the County of Durham full particulars of which
are contained in Schedule 1

10 years

6th April 2010

5th April 2020

£ per year

(1) 6th April

(2) 11th October

The 6th day of April 2010

The base rate for the time being of Nat West Bank Plc plus
4%

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This Agreement is made on the day of Two thousand and BETWEEN the Landlord and the Tenant.

1. PRELIMINARY

1.1 In this Agreement:

- (a) expressions in Column 1 of the Table of Particulars have the meaning given to them in Column 2 of the Table;
- (b) the Landlord includes the person entitled to receive the rent payable under this Agreement;
- (c) the Tenant includes the person who has the right to occupy the Holding on the terms of this Agreement; and
- (d) the Term includes any period after the Last Day of the Term during which the Tenant is entitled to continue to occupy the Holding either by agreement or by statute, including any period during which this Agreement continues as a tenancy from year to year.

1.2 At any time when the Landlord, the Tenant or the Guarantor is more than one person their obligations and covenants can be enforced against all of them jointly and against each of them individually.

1.3 Any reference to an Act of Parliament, statutory instrument or regulation includes a reference to that Act, instrument or regulation as amended or replaced from time to time and to any subordinate legislation or bye-law made under it.

1.4 The amounts specified in this Agreement are exclusive of VAT and wherever in this Agreement there is a covenant by the Landlord or Tenant to pay any sum which is a taxable supply, VAT shall be payable upon the issue of a valid VAT invoice.

2. LETTING

2.1 The Landlord LETS the Holding to the Tenant from the First Day of the Term for the Term and then from year to year unless this Agreement is ended under Clause 10.1.

2.2 The Landlord reserves the Rent and any new Rent fixed under Schedule 3.

2.3 The Landlord reserves the rights set out in Schedule 2.

OBLIGATIONS OF THE TENANT

3. PAYMENTS

3.1 The Tenant will pay the Rent (and any new Rent fixed under Schedule 3) to the Landlord in advance by equal instalments on the Rent Days with the first payment of rent (or a duly apportioned part of it) being paid on the First Rent Day.

3.2 The Tenant will pay each instalment of rent in full on the Rent Days without making any deduction of any kind (including any legal or equitable set-off).

3.3 The Tenant will pay all rates, taxes or other sums payable in respect of the Holding by the occupier (except any tax or other sum payable by the Landlord in respect of rent received or in respect of any dealing with the Landlord's interest in the Holding).

3.4 The Tenant will pay interest on any rent arrears or other money due under this Agreement at the Prescribed Rate from the date when payment should have been made until the date when payment is actually made.

3.5 The Tenant will pay to the Landlord:

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- (a) the full amount payable by the Landlord to any outgoing tenant (whether that amount was agreed or determined by arbitration) as compensation for improvements or tenant right matters and any compensation for milk quota under Schedule 1 of the Agriculture Act 1986;
- (b) any costs and expenses incurred by the Landlord in relation to the agreement of such compensation with the outgoing tenant (but not costs or expenses incurred in relation to any arbitration); and
- (c) the value (as agreed or determined under clause 12) of any growing crops, cultivations, severed crops, seeds, fertilisers and sprays left by the Landlord on the Holding at the start of the Term;

such payments to be made within 28 days determination or of the Tenant being notified by the Landlord in writing of the amount payable under this clause.

4. USE AND MANAGEMENT OF THE HOLDING

- 4.1
 - (a) The Tenant will use the Holding for agricultural purposes only unless the Landlord gives written consent in advance to an alternative use.
 - (b) If a particular use for any part of the Holding has been specified in Column 4 of Schedule 1 the Tenant will use that part of the Holding for that purpose only throughout the Term.
 - (c) The Tenant will not allow any part of the Holding to be used for the display of advertisements or for camping or the parking of vehicles or caravans or for the purpose of fairs, festivals, sporting events, rallies or other public events.
- 4.2
 - (a) For as long as he occupies the Holding the Tenant will comply with the provisions relating to good husbandry set out in Part I of Schedule 8, and any additional terms relating to conservation and to the cultivation and management of the Holding contained in Part II of Schedule 8.
 - (b) The Tenant will not break up or convert into tillage any part of the Holding described as permanent pasture in Schedule 1 or burn any heather or moorland on the Holding.
 - (c) The Tenant will not remove any turf topsoil stone or gravel from the Holding.
 - (d) The Tenant will use his best endeavours to keep the Holding free from disease or infestation by pests and will destroy rabbits, moles, rats and other vermin and will spread any molehills and anthills on the Holding.
 - (e) The Tenant will destroy all thistles nettles and other injurious weeds to which the Weeds Act 1959 applies.
 - (f) The Tenant will not allow any livestock on the Holding to be treated in a manner likely to cause unnecessary pain or distress, and will comply with any relevant code of practice relating to animal welfare.
 - (g) Before the start of the last year of the Term the Tenant will agree a schedule of cropping with the Landlord and will implement that schedule during the last year.
- 4.3
 - (a) The Tenant will not allow anything to be done or to remain on the Holding which might cause nuisance, disturbance or damage to the Landlord or the occupier of any adjoining land or to users of any road on or adjoining the Holding.
 - (b) The Tenant will not plough up or obstruct any public right of way or any private right of way lawfully enjoyed by the Landlord or any other person.
 - (c) The Tenant will not allow anything to be done on the Holding which might cause the pollution of any watercourse or any supply of water.
- 4.4 The Tenant will comply with all Acts of Parliament, regulations, by-laws and applicable codes of practice relating to the Holding or to the conduct of the Tenant's business on the Holding.
- 4.5 The Tenant will live in the main farmhouse on the Holding (if any) at all times during the Term and will personally farm the Holding.

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- 4.6 The Tenant will take all reasonable steps to prevent acts of trespass on the Holding and to prevent any new footpaths or other easements or rights of way from being acquired over the Holding and will notify the Landlord in writing of any encroachments or repeated acts of trespass on the Holding.
- 4.7 (a) The Tenant will do nothing to harm any game deer and fish or any wildfowl and wild birds listed in Part I of the Second Schedule to the Wildlife and Countryside Act 1981 (including their nests and eggs).
- (b) The Tenant will control rabbits, mink, wood pigeons and other pests on the Holding and compensate the Landlord for any claims made by the owners or occupiers of adjoining land because of damage done by such animals or birds.
- 4.8 The Tenant will take all steps necessary to preserve and continue any licences permits or consents in existence at the start of this Agreement which are of benefit to the Holding (including any concerning the usage of water) and will permit the Landlord or the Landlord's agent to inspect and take copies of all such documents.
- 4.9 The Tenant will not enter into nor exit from any grant scheme or management agreement without the Landlord's consent which shall not be unreasonably withheld or delayed.
- 4.10 (a) The Tenant will not grow any genetically modified crop or apply any sewage sludge to the Holding without the prior written consent of the Landlord.
- (b) If the Landlord gives consent to the growing of any genetically modified crop the Tenant will provide all such information as to the crop as the landlord may reasonably request.
- 4.11 The Tenant will comply with the Terms and Conditions of the Entry Level Stewardship Scheme and any successor scheme and will indemnify the Landlord for any loss that may arise from failure to do so, provided that prior to entering any further land subsequent to the commencement date of this tenancy into such a scheme the Landlord obtains the tenants written agreement to the management prescriptions, which must not be unreasonably withheld. Any receipts from such a scheme shall be claimed by or pass to the Landlord without deduction or set off by the Tenant unless agreed in writing in advance of the commencement or revision of the scheme.

5. REPAIRS, ALTERATIONS AND INSURANCE

- 5.1 For all those parts of the Holding identified in Schedule 4 as being the responsibility of the Tenant to repair:
- (a) the Tenant agrees first to put those parts into a good state of repair, and then to keep them in a good state of repair or where specifically mentioned to maintain in no worse state that at the commencement of the Term; and
- (b) where the item identified relates to the decoration or treatment of any part of the Holding the Tenant agrees to paint, redecorate or treat the relevant part of the Holding whenever necessary and in any case at intervals of not more than seven years in the case of internal items and at intervals of not more than five years in the case of external items, all such work to be carried out to a proper standard using materials of suitable quality.
- 5.2 If the Tenant fails to do any work which this Agreement requires him to do and the Landlord gives him written notice to do it the Tenant agrees:
- (a) to start the work within two months or immediately in the case of an emergency; and
- (b) to proceed diligently with the work until it is completed; or
- (c) if the Tenant fails to comply with the notice, to permit the Landlord to do the work and recover the reasonable cost from the Tenant.
- 5.3 For all those parts of the Holding identified in Schedule 4 as being the responsibility of the Landlord to repair the Tenant agrees:

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- (a) to take reasonable care to avoid those parts of the Holding becoming damaged by any deliberate, reckless or negligent act or behaviour by the Tenant or any person permitted to be on the Holding by the Tenant and to put right any damage so caused as soon as reasonably possible; and
 - (b) to report in writing to the Landlord any damage caused to those parts of the Holding or any need for repair to them as soon as the Tenant becomes aware of such matters.
- 5.4 Where Schedule 4 indicates that the repair of a particular part of the Holding is to be carried out by the Landlord subject to a contribution from the Tenant, the Tenant agrees to pay to the Landlord the specified percentage of the reasonable cost incurred by the Landlord in carrying out the work, such payment to be made on demand following completion of the work.
- 5.5
- (a) The Tenant will not remove or make structural alterations or additions to any existing building or fixed equipment on the Holding or put up any new building or make any other improvement to the Holding other than those listed in Part II of Schedule 6.
 - (b) Before making any alteration or addition to the Holding the Tenant will first obtain all statutory or other consents required for the carrying out of such work and provide copies to the Landlord.
 - (c) The Tenant will comply with the terms of all consents required for the carrying out of such work and will compensate the Landlord for any loss, damage or expense incurred by the Landlord as a result of any breach by the Tenant of his obligations under this clause.
 - (d) Unless the parties otherwise agree, the repair and insurance of any new building erected on the Holding by the Tenant will be the responsibility of the Tenant as if it had been so identified in Schedule 4.
- 5.6
- (a) The Tenant will not remove or damage any fence, hedge, field wall or boundary on the Holding unless the Landlord gives written consent in advance.
 - (b) The Tenant will prevent trees, saplings and hedges on the Holding from being injured by livestock and will not attach any wire to them or damage or injure them in any way. If any tree, sapling or hedge is damaged or injured the Tenant will replace it with equivalent stock on the first suitable occasion.
 - (c) The Tenant will give notice in writing to the Landlord of any dead or dangerous tree on the Holding of which he becomes aware.
- 5.7 The Tenant agrees to insure for their full replacement value his own livestock, crops, fixtures, plant and equipment.
- 5.8 The Tenant agrees to insure the items identified in Schedule 4 as being the responsibility of the Tenant to insure. Such insurance:
- (a) will be with a reputable insurance company approved by the Landlord (such approval not to be unreasonably withheld);
 - (b) will be against loss or damage by fire and such other risks as the Landlord may from time to time reasonably prescribe;
 - (c) where it relates to buildings on the Holding and unless otherwise specified in Schedule 4 shall be for an amount equal to their full reinstatement cost (including all professional fees and the cost of any work which might be required by or by virtue of any Act of Parliament); and
 - (d) where it relates to livestock, plant, machinery, fixtures or fittings shall be to their full replacement value.
- 5.9 The Tenant agrees to insure to an adequate level of cover (to be not less than ten million pounds) against liability to third parties for loss or damage arising in relation to the Holding and against product liability in relation to the produce of the Holding with an Insurance Company approved by the Landlord (such approval not to be unreasonably withheld) in the joint names of the Landlord and the Tenant.
- 5.10 Where the Tenant is responsible for insurance the Tenant agrees:
- (a) to produce to the Landlord on demand the policy of insurance maintained by the Tenant and the receipt for the last premium payable for it;

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- (b) to reinstate any building on the Holding destroyed or damaged by any risk against which the Tenant was required to insure and to cause all money received in respect of such damage or destruction to be expended in carrying out the required reinstatement;
- (c) to replace all livestock, plant and machinery Tenant's fixtures and fittings and crops on the Holding destroyed or damaged by any risk against which the Tenant was required to insure and to cause all money received in respect of such destruction or damage to be expended on such replacement, or in the case of crops grown for consumption on the Holding to return to the Holding the full equivalent manurial value in artificial manures or feeding stuffs; and
- (d) in case it shall be impossible or impracticable to reinstate any building on the Holding in accordance with sub-clause (b) above any money received under the policy of insurance shall be divided between the Landlord and the Tenant in proportion to the value at the date of the damage or destruction of their respective interests in that building.

6. ASSIGNMENT AND SUBLETTING

- 6.1
 - (a) The Tenant may not assign, sublet part with possession or share occupation of the Holding or any part of it unless permitted to do so under sub-clauses (b) to (e) below.
 - (b) The Tenant may sublet any dwelling on the Holding (except the main farmhouse) to any person employed in agriculture on the Holding, provided that such subletting is by means of an assured shorthold tenancy, the statutory notice having first been duly served, for a term which will expire before the end of the Term of this Agreement.
 - (c) The Tenant may not enter into any partnership, share-farming, management or cropping agreement or any other joint venture entitling any person to share occupation of the Holding unless the Landlord has given written consent in advance.
 - (d) The Tenant may not let or sell any grass keep or growing crops on the Holding or take in livestock belonging to any other person unless the Landlord has given written consent in advance.
- 6.2 The Tenant will take all lawful steps necessary to ensure that vacant possession of all cottages or other houses on the Holding is available to the Landlord at the end of the Term (but the Tenant will not be required to provide suitable alternative accommodation in order to recover possession from any person entitled to security of tenure under the Rent (Agriculture) Act 1976 or under Section 25 of the Housing Act 1988).

7. ACCESS AND INFORMATION

- 7.1 Subject to any restrictions imposed in the interests of public, plant or animal health, the Tenant will allow the Landlord and any person authorised by the Landlord to have access to the Holding at all reasonable times after giving reasonable notice (except in an emergency) for the purpose of:
 - (a) inspecting the condition of the Holding;
 - (b) carrying out any works which the Landlord is obliged or entitled to carry out under this Agreement;
 - (c) carrying out any works to any property belonging to the Landlord which adjoins the Holding;
 - (d) taking soil or water samples; and
 - (e) exercising any of the rights reserved to the Landlord in Schedule 2 of this Agreement.

In all cases the Landlord shall repair and make good any damage caused to the Holding or loss incurred by the Tenant by the exercise of the Landlord's rights of access.

- 7.2 Immediately on becoming aware of any such matter the Tenant must inform the Landlord in writing of any notice, order, direction or other formal document relating to the Holding or to the management of the Holding or which is likely to affect the Landlord's interest in the Holding (including any charge made under the authority of the Agricultural Credits Act 1928) and must allow the Landlord or the Landlord's agent to make copies of all relevant documents.

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- 7.3 The Tenant will keep proper livestock and cropping records and records of all hay straw silage or other produce burnt on or sold off the Holding and records of all entitlements, contracts and Quota allocated to the Holding (whether alone or with other land occupied by the Tenant) and any other records which the Landlord or any statutory or regulatory body may reasonably require and will permit the Landlord or the Landlord's agent to inspect and take copies of such records.
- 7.4 If the Tenant dies during the Term his executors or administrators must give written notice of his death to the Landlord within one month of the date of death.
- 7.5 The Tenant will permit the Landlord to hold not more than two viewing days during the last six months of the Term when any person invited by the Landlord may view any part of the Holding.
- 7.6 The Tenant will indemnify the Landlord and any incoming tenant against any liability to employees of the Tenant arising out of the Transfer of Undertakings (Protection of Employment) Regulations 1981 and costs incurred in connection with such liability.

8. QUITTING THE HOLDING

- 8.1 On quitting the Holding at the end of the Term, if so required by the Landlord, the Tenant must leave properly protected on the Holding the whole of the unconsumed hay, straw and silage and all farmyard manure made on the Holding in the last year of the Term. Provision for compensation for such matters is made in paragraph 2.5 of Schedule 6.
- 8.2 At the end of the Term the Tenant must give up possession of the Holding to the Landlord leaving it in a condition consistent with the Tenant having complied with all of his obligations under this Agreement.
- 8.3 In the last year of the Term after the Tenant has removed from any part of the Holding the last crop which he intends to grow and harvest, there the Tenant will permit the Landlord and any person authorised by him to enter and cultivate that part of the Holding.
- 8.4 At the end of the Term when the Tenant quits the Holding the Tenant will pay compensation to the Landlord as provided for in paragraph 4.1 of Schedule 6.

9. LANDLORD'S OBLIGATIONS

- 9.1 For so long as the Tenant pays the Rent and complies with his obligations under this Agreement the Landlord will permit the Tenant to occupy and enjoy the Holding without any interference or disruption by the Landlord or any person acting on the Landlord's behalf or deriving title under the Landlord.
- 9.2 For all those parts of the Holding identified in Schedule 4 as being the responsibility of the Landlord to repair the Landlord agrees:
- (a) first to put those parts into a good state of repair, and then to keep them in a good state of repair for as long as the Tenant is entitled to occupy the Holding under this Agreement; and
 - (b) where the item identified relates to the decoration or treatment of any part of the Holding the Landlord agrees to paint, redecorate or treat the relevant part of the Holding whenever necessary and in any case at intervals of not more than seven years in the case of internal items and at intervals of not more than five years in the case of external items, all such work to be carried out to a proper standard using materials of suitable quality.
- 9.3 Where Schedule 4 indicates that the repair of a particular part of the Holding is to be carried out by the Tenant subject to a contribution from the Landlord, the Landlord agrees to pay to the Tenant the specified percentage of the reasonable cost incurred by the Tenant in carrying out the work, such payment to be made on demand following completion of the work.
- 9.4 If the Landlord fails to do any work which this Agreement requires him to do and the Tenant gives him written notice to do it the Landlord agrees:
- (a) to start the work within two months or immediately in the case of an emergency; and

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- (b) to proceed diligently with the work until it is completed; or
 - (c) if the Landlord fails to comply with the notice, to permit the Tenant to do the work and recover the reasonable cost from the Landlord.
- 9.5 The Landlord agrees to keep insured any items identified in Schedule 4 as being the responsibility of the Landlord to insure. Such insurance:
- (a) shall be with a reputable Insurance Company;
 - (b) shall be against loss or damage by fire and such other risks as the Landlord may from time to time reasonably require; and
 - (c) where it relates to buildings on the Holding, and unless otherwise specified in Schedule 4, shall be for an amount equal to their full reinstatement cost (including all professional fees and the cost of any work which might be required by or by virtue of any Act of Parliament).
- 9.6 Where the Landlord is responsible for insurance the Landlord agrees:
- (a) to produce to the Tenant on demand the policy of insurance maintained by the Landlord and the receipt for the last premium payable for it;
 - (b) to reinstate any building or other item destroyed or damaged by any risk against which the Landlord was required to insure and to cause all money received in respect of such damage or destruction to be expended in carrying out the required reinstatement or replacement; and
 - (c) in case it shall be impossible or impracticable to reinstate any building or item on the Holding in accordance with sub-clause (b) above any money received under the policy of insurance shall be divided between the Landlord and the Tenant in proportion to the value at the date of the damage or destruction of their respective interests in the building or item in question.
- 9.7 Where the Landlord is responsible for insuring against loss of rent, the Rent payable by the Tenant shall be abated by a proportionate amount (to be agreed or determined under clause 12) following the destruction or damage of any building or other item on the Holding by any risk against which the Landlord is required to insure or has insured, and such abatement shall continue for a period of up to two years ending with the reinstatement or replacement of the building or item.
- 9.8 At the end of the Term when the Tenant quits the Holding the Landlord will pay compensation to the Tenant as provided for in Schedule 6.

10. TERMINATION OF THIS AGREEMENT

- 10.1 Either the Landlord or the Tenant may bring this Agreement to an end at the end of the Term by giving to the other at least twelve months' notice in writing expiring on the Last Day of the Term.
- 10.2 The Tenant may bring this Agreement to an end before the Last Day of the Term by giving to the Landlord at least twelve months' notice in writing expiring on a Break Clause Date.
- 10.3 If this Agreement does not end on or before the Last Day of the Term it will continue as a tenancy from year to year but either the Landlord or the Tenant may bring it to an end by giving to the other at least twelve months' notice in writing expiring on an anniversary of the Last Day of the Term.
- 10.4 If the Tenant fails to pay the Rent or any part of the Rent for twenty-one days after it becomes payable (whether formally demanded or not) or if the Tenant commits any breach of his obligations or if a receiving order is made against him or if a meeting of his creditors is called or if he is adjudicated bankrupt or if the Tenant (being a company) enters into compulsory or voluntary liquidation otherwise than for the purposes of reconstruction or amalgamation or if any distress or execution is levied on the Holding, then in any such case the Landlord shall be entitled (in addition to any other right and after first giving to the tenant one month's prior notice in writing) to re-enter the Holding or any part of it in the name of the whole and bring this Agreement to an end.
- 10.5 (a) The Landlord may recover possession at any time of any part of the Holding (not being greater than one tenth of the total area of the Holding at that time and not including any area in respect of which the

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Tenant has been given consent for a non-agricultural use) if the Landlord requires that part for any non-agricultural purpose by giving to the Tenant at least twelve months' notice in writing (subject to Clause 10.8). On the expiry of the notice the land to which it relates shall cease to be part of the Holding and the Tenant shall be entitled to an appropriate reduction in rent to be agreed or determined by an arbitrator and to compensation in accordance with Schedule 6 in respect of the land to which the notice relates.

(b) The Landlord may recover possession at any one time up to 5 acres of land for the purposes of establishing and utilising game crops, for which compensation will be paid at twice the aggregate rental value for the agricultural land on the holding, provided such re-possession of land does not put the tenant in breach of any Environmental Stewardship, Single Payment or similar scheme.

- 10.6 If the Tenant (or the last surviving joint Tenant) dies during the Term either the Landlord or the executors or personal representatives of the Tenant may end this Agreement by giving to the other at least twelve months' notice in writing (subject to Clause 10.8) provided that such notice is given within three months of the date of death of the Tenant or (if given by the Landlord) within three months of the date on which the Landlord is notified in writing of the death of the Tenant.
- 10.7 If the Tenant becomes incapable of managing the Holding because of some permanent physical or mental disability or illness, the Tenant or the Landlord may end this Agreement by giving Notice to the other of not less than twelve months' notice in writing (subject to Clause 10.8).
- 10.8 Any notice given under Clause 10.5, 10.6 or 10.7 may expire at any time before the Last Day of the Term, but any notice which is to expire while this Agreement is continuing as a tenancy from year to year after the Last Day of the Term must expire at the end of a year of the tenancy.

11. GUARANTOR'S OBLIGATIONS

- 11.1 If a Guarantor is named in the Particulars and has signed this Agreement then the Guarantor agrees to pay any sum which the Tenant fails to pay to the Landlord and to compensate the Landlord for any loss suffered by the Landlord as a result of any failure by the Tenant to comply with his obligations under this Agreement. The Guarantor's obligation will remain in force even if the Landlord allows the Tenant extra time to comply with his obligations or does not insist on strict compliance by the Tenant with his obligations under this Agreement.

12. RESOLUTION OF DISPUTES

- 12.1 Subject to Clause 12.7 below any dispute between the Landlord and the Tenant concerning their rights or obligations under this Agreement or in relation to the Holding shall be determined either by an independent expert appointed under Clause 12.2 below or, if no independent expert is appointed, by an arbitrator appointed under Clauses 12.3 or 12.4 below.
- 12.2 After a dispute has arisen the Landlord and the Tenant may agree in writing to refer the dispute to an independent expert whose decision shall be final and binding on them. The procedure to be adopted by the independent expert (including liability for costs) shall be determined by him or her but shall include an opportunity for the parties to state their case either orally or in writing as the independent expert may direct.
- 12.3 If the Landlord and the Tenant do not agree to refer the dispute to an independent expert either party may give to the other a notice in writing specifying the dispute and requesting that agreement be reached on the identity of an arbitrator to be appointed to determine the dispute.
- 12.4 If no arbitrator has been appointed by agreement within two months of a notice under Clause 12.3 above then either the Landlord or the Tenant may apply to the President of The Royal Institution of Chartered Surveyors for the appointment of an arbitrator by him.
- 12.5 If an arbitrator has been appointed but subsequently dies or becomes incapable of acting for any reason the parties may appoint another in his place by agreement or alternatively either party may apply to the President of The Royal Institution of Chartered Surveyors for the appointment of a new arbitrator.
- 12.6 Any arbitration under this Agreement shall be conducted in accordance with the Arbitration Act 1996.

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12.7 Clause 12.1 above will apply to all disputes between the Landlord and the Tenant except disputes falling within paragraph 2.3 of Schedule 3 (Rent Review) or paragraphs 2.6 or 5.3 of Schedule 6 (consent for improvements and compensation).

13. ADDITIONAL MATTERS

13.1 The rules relating to the service of notices contained in Section 36 of the Agricultural Tenancies Act 1995 apply to any notice given under this Agreement so that any notice can be given to a person by delivering it to him or leaving it at his proper address or sending it to him at his proper address by any recorded delivery service. No notice given by fax or by other electronic means will be valid unless a copy of the notice is also sent by post or delivered to the proper address of the recipient within seven days.

13.2 Either party may serve any notice (including any notice in proceedings) on the other at the address given in the Particulars or such other address as has previously been notified in writing.

13.3 The provisions of Schedule 5 of this Agreement shall apply in relation to entitlements, quotas and contracts as there defined.

13.4 (a) The buildings and other items mentioned in Schedule 7 are agreed to be unnecessary for the proper farming of the Holding and neither party is required to repair maintain or insure them. If the Landlord wishes to repair or remove them he may do so at his own expense.

(b) If at any time either the Landlord or the Tenant considers that any building or other item provided is unnecessary for the proper farming of the Holding he may ask for it to be included in Schedule 7. If the other party does not agree, the question may be referred to an arbitrator. If the arbitrator considers that the building or other item is unnecessary for the proper farming of the Holding he will direct that it should be included in Schedule 7 and Clause 13.4(a) will apply to it.

13.5 Each party shall bear their own costs of the preparation, approval and completion of this Agreement. The Tenant shall be responsible for submitting the Stamp Duty Land Tax return and for the payment of any Stamp Duty Land Tax payable in respect of this Agreement.

13.6 If this Agreement is for a term of more than seven years the Landlord shall register it under the Land Registration Act 2003, and the Tenant shall provide such information as the Landlord reasonably requires but shall not be obliged to do more than is necessary to enable the Landlord to register the Agreement with good leasehold title.

13.7 No person shall be entitled to rights under this Agreement by virtue of section 1 of the Contracts (Rights of Third Parties) Act 1999.

13.8 If either party suffers loss or is put to expense as a result of a breach of any obligation imposed by this Agreement on the other, he shall be entitled to be compensated by the other for that loss or expense.

13.9 This Agreement contains the whole agreement between the Landlord and the Tenant concerning the Holding and no custom of the country is to give or affect any rights of either party.

13.10 The parties confirm that there is no Agreement for Lease to which this Agreement gives effect.

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Signed as a deed by/on behalf of the Landlord in the presence of:

.....
Witness Mortham Estates (Trustees) Ltd Landlord

.....
Witness's occupation

.....
Witness's address

Signed as a deed by/on behalf of the Tenant in the presence of:

.....
Witness Tenant

.....
Witness's occupation

.....
Witness's address

Signed as a deed by/on behalf of the Guarantor in the presence of:

.....
Witness Guarantor

.....
Witness's occupation

.....
Witness's address

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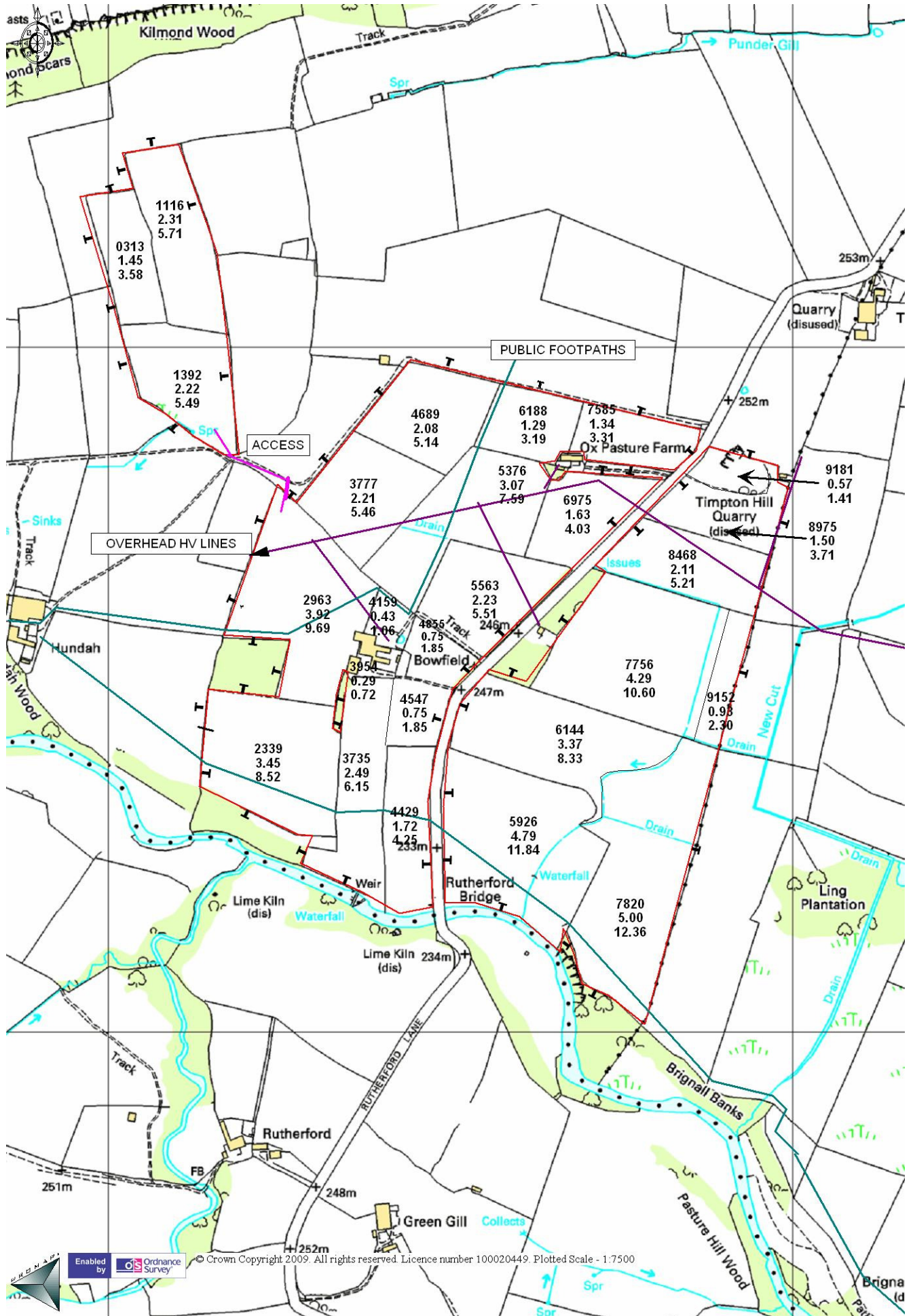
SCHEDULE 1

THE HOLDING

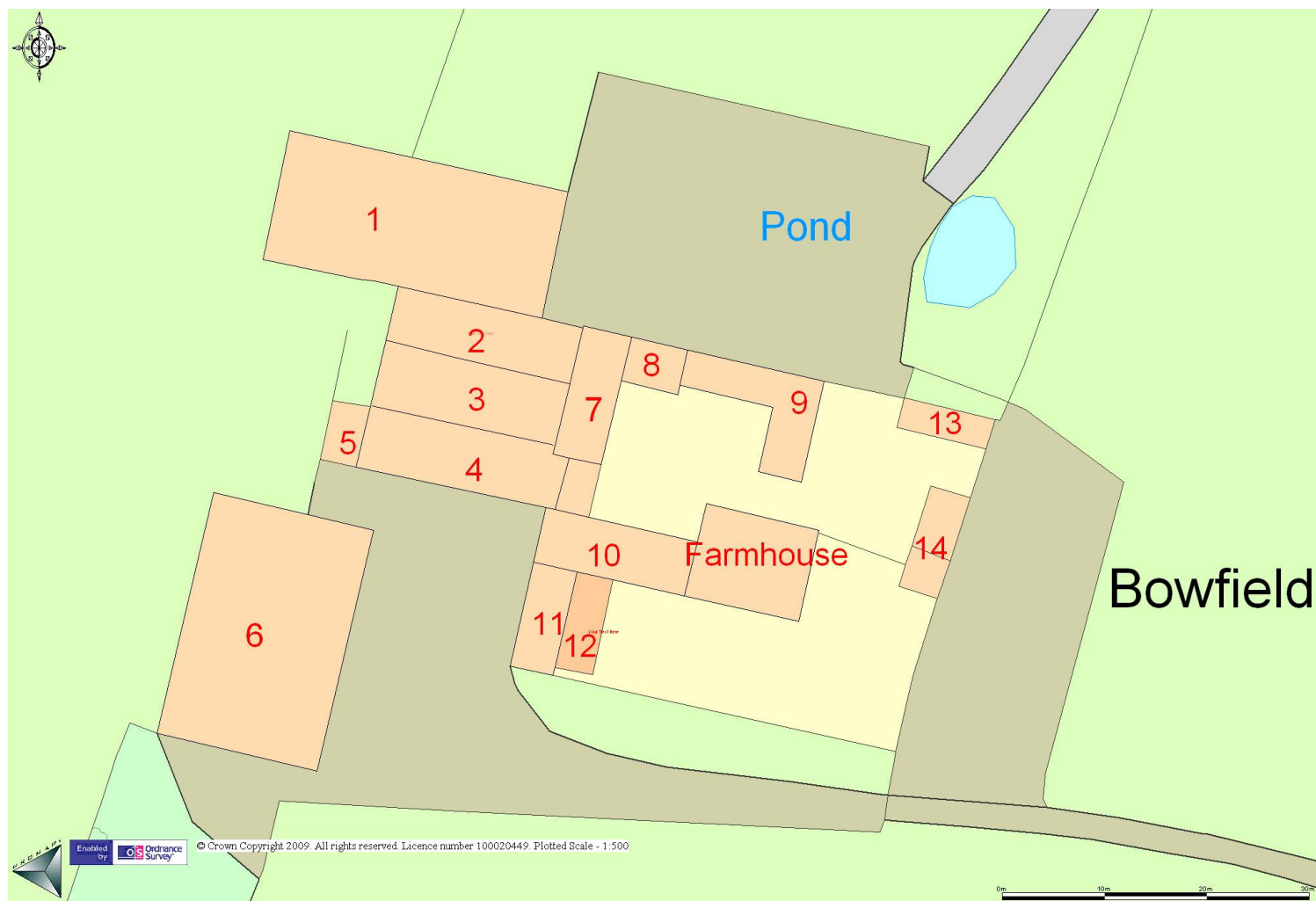
NOTE: If it is agreed that the Tenant should be entitled to use any part of the Holding for one purpose only (e.g. as permanent pasture) then Column 4 should be completed. If it is agreed that the Tenant can use part of the Holding for any agricultural purpose Column 4 should not be completed for that part.

OS MAP SHEET	NG FIELD	FIELD SIZE (Ha)	FIELD SIZE (Acres)	Restricted Use
NZ0313	0313	1.45	3.58	
NZ0313	1116	2.31	5.71	
NZ0312	1392	2.22	5.49	
NZ0312	2339	3.45	8.52	
NZ0312	2963	3.92	9.69	
NZ0312	3735	2.49	6.15	
NZ0312	3777	2.21	5.46	
NZ0312	3954	0.29	0.72	Buildings
NZ0312	4159	0.43	1.06	
NZ0312	4429	1.72	4.25	
NZ0312	4547	0.75	1.85	
NZ0312	4689	2.08	5.14	
NZ0312	4855	0.75	1.85	
NZ0312	5376	3.07	7.59	
NZ0312	5563	2.23	5.51	
NZ0312	5926	4.79	11.84	
NZ0312	6188	1.29	3.19	
NZ0312	6144	3.37	8.33	
NZ0312	6975	1.63	4.03	
NZ0312	7585	1.34	3.31	
NZ0312	7756	4.29	10.60	
NZ0312	7820	5.00	12.36	
NZ0312	8468	2.11	5.21	
NZ0312	8975	1.50	3.71	
NZ0312	9181	0.57	1.41	
NZ0312	9152	0.93	2.30	
Total		49.69	138.85	

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1. Six bay cattle building (90' x 40') with concrete floor, feed passage and block wall under Yorkshire boarding. Erected 1995.
2. Four bay infill lean to with concrete floor for forage storage, additional livestock housing.
3. Four bay dutch barn with hardcored floor
4. Four bay pole barn lean to for cattle with concrete floor.
5. Lean to extension to above
6. Five bay open fronted cattle shed (75' x 55') Erected 2001
7. Stone built two storey byre under "Big Six" fibre cement roof with opening to adjacent pole barn
8. Stone built single storey isolation pen under fibre cement roof.
9. Stone built cattle stalls under fibre cement roof
10. Two storey stone hemmels under stone slate roof with granary above
11. Garage and Workshop
12. Greenhouse site
13. Two loose boxes of stone construction under stone slate roof
14. Two loose boxes of stone construction under stone slate roof

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SCHEDULE 2

RIGHTS RESERVED BY THE LANDLORD

The Landlord reserves the rights listed below. In all cases the Landlord may exercise the right personally or may authorise any other person to exercise them. In all cases the Landlord will repair and make good any damage caused by the exercise of his rights and will pay reasonable compensation for any loss or damage caused by the exercise of these rights.

1. The exclusive right to all timber and other trees (except fruit trees) underwood pollards and saplings on the Holding, together with the right to mark, fell, cut, process, extract and remove such timber and trees.
2. The exclusive right to all mines, minerals, quarries, stones, sand, brickearth, clay, gravel, turf, petroleum and its relative hydrocarbons and all other gases and minerals on or under the Holding.
3. The exclusive right to all treasures or archaeological artefacts discovered on the Holding.
4. The right to use any existing and to create any new roads, tracks or paths on the Holding to gain access to other property belonging to the Landlord (subject to making a reasonable contribution towards the cost of maintaining such roads tracks or paths).
5. The right to lay or maintain across the Holding such pipes drains conduits cables wires or other conducting media as are reasonably required for the benefit of any other land belonging to the Landlord or for the exercise of any of the rights reserved.
6. The exclusive right to grant any wayleave, contract, easement or licence to any person and the benefit of all existing and future agreements entered into by the Landlord and all rents and other money payable under them.
7. The exclusive right to all game, deer, wild fowl, woodcock, snipe and other wild birds listed in Part I of the Second Schedule to the Wildlife and Countryside Act 1981 (including their nests and eggs), and fish together with the right to go on to the Holding to rear, preserve, shoot or kill all such creatures and to hunt, shoot, hawk, sport or fish on or over the Holding.
8. The right to go onto the Holding to kill and take away any rabbits hares mink wood pigeons and other pests subject to the Ground Game Act 1880 and the Ground Game (Amendment) Act 1906.
9. The right (subject to the provisions of any statutory powers) to take water from any stream, spring or other source of supply on or beneath the Holding provided sufficient water is left for the Tenant's reasonable use of the Holding.
10. The right to participate in the Entry Level Stewardship Pilot Scheme and any successor scheme and to retain all grant receipts arising there from throughout the term of this Agreement, subject to the restrictions under Clause 4.11.

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SCHEDULE 3

RENT REVIEW

PART 1: Rent review to open market value

1. In this Part of this Schedule:

‘the Review Date’ means any anniversary of the Term Commencement Date occurring not less than three years after the start of this Agreement or any subsequent anniversary falling not less than three years after the date with effect from which the Market Rent for the Holding was agreed in writing by the Parties or determined by an Arbitrator or expert appointed under paragraph 2.3 below (and for the avoidance of doubt any variation in the rent payable under this Agreement agreed or determined otherwise than in accordance with paragraph 2.3 and 3.1 below shall be disregarded in ascertaining any Review Date) ‘the Market Rent’ means a rent determined in accordance with paragraphs 2.2 and 3.1 below; and

‘Tenant’s Improvements’ mean:

- (a) any physical improvement which is made on the Holding by the Tenant by his own effort or wholly or partly at his own expense; or
- (b) any intangible advantage obtained for the Holding by the Tenant by his own effort or wholly or partly at his own expense and which becomes attached to the Holding; or
- (c) any such physical improvement or intangible advantage made or obtained by a previous tenant of the Holding and for which the Tenant made an ingoing payment under Clause 3.5(a) of this Agreement.

2.1 With effect from each Review Date the rent payable under this Agreement shall be the Market Rent for the Holding at that Review Date.

2.2 The Market Rent at each Review Date shall either be:

- (a) the amount agreed in writing by the Landlord and the Tenant at any time; or
- (b) the amount determined by a suitably qualified person acting either as an expert (whose decision shall be final) or as an arbitrator appointed by agreement between the parties at any time; or
- (c) the amount determined by a suitably qualified person acting as an arbitrator appointed by the President of The Royal Institution of Chartered Surveyors following an application made by either party at any time not earlier than six months before the Review Date.

2.3 If the person appointed under paragraph 2.2 above refuses to act or is incapable of acting for any reason the parties may appoint another in his place by agreement or alternatively either party may apply to the President of The Royal Institution of Chartered Surveyors for the appointment of a new arbitrator.

3.1 The Market Rent to be determined by the Arbitrator or expert shall be the Rent at which the Holding might reasonably be expected to be let on the open market by a willing Landlord to a willing Tenant on the Review Date taking into account (subject to paragraphs 3.2 and 3.3 below) all relevant factors including the terms of this tenancy.

3.2 In determining the Market Rent the Arbitrator or expert shall disregard any increase in the rental value of the Holding due to Tenant’s Improvements other than:

- (a) any Tenant’s Improvement provided under an obligation imposed on the Tenant by the terms of this or any previous tenancy and which arose on or before the grant of the tenancy in question;
- (b) any Tenant’s Improvement to the extent that any allowance or benefit has been made or given by the Landlord in consideration of its provision; and

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- (c) any Tenant's Improvement to the extent that the Tenant has received any compensation from the Landlord in respect of it.
- 3.3 In determining the Market Rent the Arbitrator or expert:
 - (a) shall disregard any effect on the Rent of the fact that the Tenant is in occupation of the Holding; and
 - (b) shall not fix the Rent at a lower amount by reason of any dilapidation or deterioration to, or any damage to, buildings or land caused or permitted by the Tenant.
- 4.1 If, by any Review Date the Market Rent has not yet been ascertained under paragraph 2.2 above, the Tenant shall continue to pay the Rent which was payable immediately before that Review Date. Fourteen days after the Market Rent has been ascertained the Tenant shall pay to the Landlord or the Landlord shall reimburse to the Tenant as the case may be any accrued difference between the Market Rent and the rent payable immediately before the Review Date together with interest on the difference at the Prescribed Rate.
- 4.2 If, at any Review Date, legislation restricts the right of either party to require a rent review to the Market Rent then on the lifting of the restriction either party may give to the other a notice in writing calling for an additional review of the Rent payable under this Agreement with effect from such date as may be specified in the notice, being between twelve and twenty-four months after the giving of the notice, and for the purposes of this Schedule the date so specified shall be treated as if it were a Review Date.
- 4.3 The Market Rent payable from any Review Date shall be recorded in a written memorandum endorsed on or attached to this Agreement and its counterpart as soon as it has been ascertained.
- 4.4 Part 2 of the Agricultural Tenancies Act 1995 does not apply to this Agreement.

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SCHEDULE 4

ALLOCATION OF REPAIRING AND INSURING RESPONSIBILITIES

NOTE: The Schedule should be completed to identify those parts of the Holding which it is intended the Landlord should repair or insure and those parts the Tenant should repair or insure. Alternatively the Schedule may be completed in such a way as to indicate that one party is to carry out the repairs required to a particular item with the other party agreeing to pay a specified proportion of the cost. If any part of the Holding is not identified or written in to this Schedule or where this Schedule does not allocate responsibility to either party for completing the work it will be the responsibility of the [Landlord/Tenant] to repair and insure it.

a) Repair and maintenance of dwellings.

Item	Tenant	Landlord
Roofs including chimneys		100%
Exterior walls and main structural timbers		100%
Interior walls		100%
Ceilings and internal plastering		100%
Ceiling and floor joists		100%
Floors		100%
Staircases		100%
Doors	50%	50%
Windows and skylights	50%	50%
Gutters and downpipes	50%	50%
Baths, toilets etc.	50%	50%
Electrical installations including fittings	50%	50%

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Water pipes	50%	50%
Foul drainage systems	50%	50%
Boilers and heating systems	100%	
Internal decorations and treatments	100%	
External decorations and treatments	50%	50%
Fire detection and security systems	N/A	N/A

(b) Repair and maintenance of other buildings and fixed equipment.

Item	Tenant	Landlord
Roofs including chimneys		100%
Structural frames and walls		100%
Cladding	100%	
Floors	50%	50%
Doors and gates	50%	50%
Windows	50%	50%
Staircases and fixed ladders	50%	50%
Gutters and downpipes	50%	50%
Electrical installations and fittings	50%	50%

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Water supplies and fittings	50%	50%
Foul drainage facilities	50%	50%
Fixtures and fittings	100%	
External decorations and treatments	50%	50%
Internal decorations and treatments	100%	
Timber and other infestations	50%	50%

(c) Repair and maintenance of external works and services.

Item	Tenant	Landlord
Rainwater drainage systems - above ground	50%	50%
Rainwater drainage systems - below ground	50%	50%
Foul drainage systems - above ground	50%	50%
Foul drainage systems - below ground	50%	50%
Sewage disposal systems		100%
Slurry systems	100%	
Water supply systems - above ground	100%	
Water supply systems - below ground	50%	50%

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Electrical supply systems	50%	50%
Gas supply systems	N/A	N/A
Garden walls and fences	100%	
Yard walls fences and gates	100%	
Roads and yards	100%	
Cattle grids	100%	
Field gates and posts	100%	
Bridges and culverts	100%	
Field drains ditches and associated works	100%	
Field boundaries	100%	
Watercourses reservoirs ponds and associated systems	100%	
Signs and notices	100%	

(d) Insurance.

Unless a different basis of insurance is indicated in the table below, buildings are to be insured to their full reinstatement value (including professional fees and associated costs) and not to their modern replacement value. If a different basis of insurance is agreed for different buildings or pieces of equipment or machinery, the table should be modified to record that agreement.

Item	Tenant	Landlord	Basis
Dwellings		100%	Indemnity

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Other buildings		100%	Indemnity
Landlord's fixed equipment plant and machinery		100%	Indemnity
Loss of rent for a period of 2 years	n/a	n/a	

Schedule 5

QUOTA PROVISIONS

PART I - MILK QUOTA

- 1.1 The holding is not subject to milk quota

PART II - OTHER ENTITLEMENTS, CONTRACTS AND QUOTAS

- 4.1 In this part of this Schedule:

“Entitlement Scheme” means the Single Payment Scheme and any other statutory scheme of entitlements, contracts, allocations or quotas (but excluding milk quota) which affects the right of a producer to produce or deal in any agricultural commodity or which entitles a producer to receive any payment, subsidy or guaranteed price in respect of the produce of the Holding or occupation of the Holding including payment

“Entitlement” refers to any entitlement, contract, allocation or quota under an Entitlement Scheme.

- 4.2 This part of this Schedule will apply to any Entitlement existing at the start of this Agreement and to any Entitlement introduced during the Term.
- 4.3 In this part of this Schedule the expression ‘Tenant’s Entitlement’ means any Entitlement acquired by the Tenant at his own expense and which is registered or held in the name of the Tenant or in the name of a partnership of which the Tenant is a partner or a company of which the Tenant is a member or to which such partnership or company is entitled.
- 4.4 In this Schedule the expression ‘Landlord’s Entitlement’ means any Entitlement allocated to, or in respect of, the Holding under any Entitlement Scheme or made available to the Tenant by the Landlord or a previous tenant other than a Tenant’s Entitlement.
- 4.5 At the commencement of this Agreement there were no Landlord’s Entitlements and the Tenant’s Entitlements comprise the following:
- hectares of normal Entitlements, hectares of set-aside Entitlements
- 5.1 For the purposes of Section 17(1) of the Agricultural Tenancies Act 1995 the Landlord consents to the acquisition of Tenant’s Entitlements by the Tenant during the Term.
- 5.2 The Tenant agrees with the Landlord as follows:
- (a) To use his best endeavours at the commencement of any new Entitlement Scheme to secure the allocation of the maximum possible Landlord’s Entitlements for the occupier of the Holding consistent with the Tenant’s system of farming.
- (b) To comply with the requirements of any Entitlement Scheme necessary to retain the Landlord’s Entitlements for the benefit of the occupier of the Holding.

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- (c) To comply with any statutory or regulatory requirements regarding Entitlements (including cross-compliance, environmental and production requirements) and not to allow any Landlord's Entitlements to lapse or be reduced or confiscated through any failure of his to comply with such requirements.
 - (d) Not to use more of the Holding for set-aside than the minimum required to activate the set-aside Entitlements included in the Landlord's Entitlements.
 - (e) To supply to the Landlord on request copies of any documents in connection with any application or claim for Landlord's Entitlements.
 - (f) Not without the Landlord's prior written consent to do anything which might have the effect of transferring the Landlord's Entitlements to anyone other than an incoming occupier of the Holding on termination of this Agreement.
 - (g) At the termination of this Agreement (including so far as may be necessary after the expiry of this Agreement) to take all necessary steps to secure the transfer of the Landlord's Entitlements to the incoming occupier of the Holding.
- 5.3 If, after the commencement of any Entitlement Scheme, it becomes possible to obtain a further allocation of Entitlements under that Scheme (or any modification of that Scheme) the obligations in this Part of this Schedule shall apply in relation to such Entitlements.
- 5.4 The Tenant agrees to notify the Landlord in writing within fourteen days of acquiring any Tenant's Entitlements providing full details of the nature, amount and cost of the Tenant's Entitlements acquired.
- 5.5 From the date on which any Tenant's Entitlements are transferred to the Holding the amount of the Tenant's Entitlements referred to in Clause 3.5 of this Schedule shall be increased by the amount of the Entitlements transferred.
- 5.6 In the final year of the Term the Landlord and the Tenant will agree (or failing agreement will resolve under clause 12) on the content and submission of claims for payment under any applicable Entitlement Scheme to avoid any prejudice to the right of the Incoming occupier to receive payment under such Entitlement Schemes in the first year of his occupation of the Holding.
- 6.1 If at the end of the Term the amount or quality of Landlord's Entitlements transferred to the Landlord is less than the amount or quality of the Landlord's Entitlements specified in Clause 3.5 above (subject to adjustment on account of mandatory cuts or increases) the Tenant shall pay to the Landlord the cost of acquiring sufficient Entitlements of comparable quality to restore the Landlord's Entitlements and shall compensate the Landlord for any other loss suffered as a result of the reduction of the Landlord's Entitlements.
- 6.2 For the avoidance of doubt at the end of the term the tenant is entitled to retain the Tenants Entitlements or dispose of them, however he feels fit.

SCHEDULE 6

PART I - COMPENSATION ON TERMINATION

1. In this schedule 'Tenant's Improvement' means:
- (a) any physical improvement made on the Holding by the Tenant by his own efforts or wholly or partly at his own expense; or
 - (b) any intangible advantage obtained for the Holding by the Tenant by his own effort or wholly or partly at his own expense and which becomes attached to the Holding; or
 - (c) any such physical improvement or intangible advantage made or obtained by a previous tenant of the Holding, or of land comprised in the Holding, and for which the Tenant made an ingoing payment under Clause 3.5(a) of this Agreement.

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- 2.1 At the end of the tenancy the Tenant shall be entitled, on quitting the Holding, to receive compensation in accordance with this Schedule in respect of any Tenant's Improvement provided during this tenancy, and, unless compensation has previously been paid for them, for any Tenant's Improvement provided by the Tenant during any earlier tenancy.
- 2.2 The Tenant will not be entitled to compensation for any physical improvement removed from the Holding at the end of this Agreement or any intangible advantage which does not remain attached to the Holding at the end of this Agreement.
- 2.3 In the case of any Tenant's Improvement which does not consist of planning permission the Tenant will not be entitled to compensation unless the Landlord has given consent in writing to the provision of the Tenant's Improvement.
- 2.4 In the case of any Tenant's Improvement which consists of planning permission the Tenant will not be entitled to compensation unless the following conditions are satisfied:
- (a) the Landlord has given consent in writing to the making of the application for planning permission;
 - (b) such consent is expressed to be given either for the purposes of enabling the Tenant lawfully to provide by his own effort or wholly or partly at his own expense a specified physical improvement on the Holding, or for the purpose of enabling the Tenant lawfully to effect a specified change of use; and
 - (c) on the termination of this Agreement the specified physical improvement has not been completed or the specified change of use has not been affected.
- 2.5 The Tenant will be entitled to compensation for severed crops, unconsumed hay, straw and silage and farmyard manure left on the Holding after the termination of this Agreement if he has been required to leave them on the Holding by notice in writing given by the Landlord, and in any case where such notice is given compensation shall be payable equal to the market value of the items to which the notice relates.
- 2.6 If the Landlord refuses or fails to give consent to any Tenant's Improvement following a request by the Tenant, or offers to give consent only on conditions unacceptable to the Tenant, the Tenant may give notice in writing to the Landlord requiring that the question be referred to arbitration under Section 19 of the Agricultural Tenancies Act 1995.
- 2.7 Approval for a Tenant's Improvement given by an arbitrator shall have effect as if it were the consent of the Landlord.
- 2.8 The Tenant's Improvements specified in Part II of this Schedule (if any) shall be deemed to have been the subject of consent in writing given by the Landlord to the Tenant and the Tenant shall be entitled to compensation for such matters although no further consent has been given for them after the start of this Agreement.
- 3.1 The compensation payable to the Tenant for any Tenant's Improvement which does not consist of planning permission shall be the lesser of:
- (a) any amount agreed by the parties in writing as the maximum sum which shall be payable as compensation in respect of the improvement;
 - (b) the cost to the tenant of making the improvement, where the parties agree in writing that such cost shall be the maximum sum which shall be payable as compensation in respect of the improvement; or
 - (c) (subject to paragraphs 3.2 and 3.3 below) the increase attributable to the improvement in the value of the Holding at the termination of this Agreement as land comprised in a tenancy.
- 3.2 Where the Landlord and the Tenant have entered into an agreement in writing whereby any benefit is given or allowed to the Tenant in consideration of the provision of a Tenant's Improvement which does not consist of planning permission, the amount of compensation otherwise payable for that improvement

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in accordance with paragraph 3.1(c) above shall be reduced by the proportion which the value of the benefit bears to the total cost of providing the improvement.

- 3.3 Where a grant has been made or will be made to the Tenant out of public money in respect of a Tenant's Improvement which does not consist of planning permission, the amount of compensation otherwise payable for that improvement in accordance with paragraph 3.1(c) above shall be reduced by the proportion by which the amount of the grant bears to the total cost of providing the improvement.
- 3.4 The amount of compensation payable to the Tenant for any Tenant's Improvement which consists of planning permission shall be equal to the increase in the value of the Holding at the termination of this Agreement as land comprised in a tenancy attributable to the fact that the physical improvement or change of use specified in the Landlord's consent referred to in paragraph 2.4(b) above is authorised by the planning permission.
- 3.5 Where the Landlord and the Tenant have entered into an agreement in writing whereby any benefit is given or allowed to the Tenant in consideration of the obtaining of planning permission by the Tenant, the amount of compensation otherwise payable in respect of that permission shall be reduced by the proportion which the value of the benefit bears to the total cost of obtaining the permission.
- 4.1 On the termination of this Agreement the Landlord will be entitled to receive compensation for any breach by the Tenant of any of his obligations contained in this Agreement the amount of such compensation being determined in accordance with the common law relating to damages for breach of covenant.
- 5.1 If not agreed between the Landlord and the Tenant any claim by either party for compensation for any matter falling within this Schedule shall be determined by arbitration under this Schedule.
- 5.2 If either party wishes to claim compensation in respect of any matter falling within this Schedule he shall give notice in writing to the other party of his intention to make the claim and of the nature of the claim, such notice to be given before the end of the period of two months beginning with the date of termination of this Agreement.
- 5.3 Not earlier than four months after the termination of this Agreement either party may apply to the President of The Royal Institution of Chartered Surveyors for the appointment of a suitably qualified person to act as arbitrator to determine any claim for compensation which has not previously been either settled or referred to arbitration by agreement.
- 5.4 If an arbitrator has been appointed but subsequently dies or becomes incapable of acting for any reason the parties may appoint another arbitrator in his place by agreement or alternatively either party may apply to the President of The Royal Institution of Chartered Surveyors for the appointment of a new arbitrator.
- 5.5 Where the Tenant lawfully remains in occupation of part of the Holding after the termination of this tenancy, references in paragraphs 2.5, 5.2 and 5.3 above to the termination of this tenancy shall, in the case of a claim for compensation relating to that part of the Holding, be construed as references to the termination of the Tenant's occupation of that part.

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PART II - IMPROVEMENTS FOR WHICH LANDLORD'S CONSENT IS HEREBY GIVEN

Any act of husbandry or physical improvement to the Holding made in the normal course of farming, but excluding:

- (a) the provision or improvement of any building or structure or any equipment;
- (b) any act of husbandry or physical improvement contrary to the schedule of cropping agreed for the final year of the term in accordance with Clause 4.2(g).

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SCHEDULE 7

REDUNDANT BUILDINGS AND FIXED EQUIPMENT

The following buildings or other items of fixed equipment are agreed to be redundant in accordance with Clause 13.4.

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SCHEDULE 8

PART I - GOOD HUSBANDRY

The provisions relating to good husbandry referred to in Clause 4.2(a) are as follows.

1. Taking into account the terms of this Agreement, the character and situation of the Holding and all relevant circumstances, the Tenant will maintain a reasonable standard of husbandry both in terms of the system of farming and the quantity and quality of produce, and at the same time will keep the Holding in good agricultural and environmental condition to enable such a standard to be maintained in the future.
2. In considering whether the standard of husbandry achieved by the Tenant is reasonable, regard will be had to the extent to which:
 - (a) the Tenant's farming practices keep the soil, sub-soil and natural and other drainage systems in good condition having regard to the DEFRA Codes of Good Agricultural Practice;
 - (b) grassland is being kept properly mown or grazed, free from pernicious weeds and maintained at an appropriate level of fertility;
 - (c) arable land is being cropped in such a way as to maintain the land clean and in an appropriate state of cultivation and fertility;
 - (d) the Holding is properly stocked (where the system of farming practised requires the keeping of livestock) and an efficient standard of management of livestock is maintained including compliance with current farm animal welfare standards;
 - (e) the necessary steps are being taken for the protection and preservation of crops which have been harvested or lifted or which are in the process of being harvested or lifted;
 - (f) the necessary work of maintenance and repairs is being carried out; and
 - (g) the storage, use and disposal of fuel oil, effluents, manures, slurries, inorganic fertilisers and pesticides complies with the DEFRA Codes of Good Agricultural Practice for the Protection of Water, Soil and Air;
 - (h) any chemicals used on the farm minimise damage to wildlife and are handled and applied in accordance with the COSHH Regulations and the Food and Environment Act Pesticide Codes.
 - (i) watercourses, ponds, marshy areas and other wetland features are conserved and any maintenance work required is undertaken on a rotational basis in autumn and winter only and all watercourses specified in Part II of this Schedule are protected by maintaining an uncultivated strip alongside;
 - (j) hedgerows are maintained in good heart and condition and trimmed as late in the year as possible in accordance with any specific provision as to height, width, frequency of cutting or other details specified in Part II of this Schedule;
 - (k) care is taken to keep pesticides, fertiliser, slurry and farmyard manure away from field boundaries;
 - (l) the Holding is maintained in good agricultural and environmental condition as required by the Single Payment Scheme or any other applicable Entitlement Scheme;
 - (m) any additional terms relating to conservation, cultivation or management included in Part II of this Schedule are being complied with;
 - (n) the Tenant ensures that farm staff and contractors are aware of the husbandry standards required and adopt recommended practices.

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PART II - ADDITIONAL TERMS RELATING TO CONSERVATION, CULTIVATION AND MANAGEMENT

The following additional terms relating to the cultivation and management of the Holding, or to specific fields or areas of the Holding, will apply in accordance with Clause 4.2(a).

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