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Cc: Brian Gibson[Brian.Gibson@moypark.com]; John Harrison[John.Harrison@moypark.com]
From: Peter Morgan
Sent: Fri 5/9/2014 4:39:04 PM
Importance: Normal
Subject: RE: Farm Based Tennancy (FBT) Opportunity NI
MAIL_RECEIVED: Fri 5/9/2014 4:39:06 PM

Should be workable – what are the options for litter disposal – broilers 380 t per crop? With change in EU burning regs are we proposing using spent litter to run bio-mass plants?

Peter

From: Tom McKeown
Sent: 08 May 2014 21:21
To: David Mark; Danny Rotherham; John Hoare
Cc: Brian Gibson; John Harrison; Peter Morgan
Subject: RE: Farm Based Tennancy (FBT) Opportunity NI

Broiler Looks sensible.

Tom

From: David Mark
Sent: 06 May 2014 07:44
To: Tom McKeown; Danny Rotherham; John Hoare
Cc: Brian Gibson
Subject: Farm Based Tennancy (FBT) Opportunity NI

DRAFT – Guys can you consider this as a first Draft – Danny need to get some names from you and numbers etc. Does this make sense to you and have we included all we need to include etc. Thanks

My target is to get this finalised and out to Alan & David Gibson etc. by end of week – would also copy in at that stage Alan Huston, Bill Bright Paul Longstaff and prior to that cover off with Niall McKeown and Peter Morgan

Have I missed anyone -

David

We have authority from the Executive to proceed to develop and commit (in principle) with a limited number of FBT for Northern Ireland. (P Longstaff following an Executive Briefing)

The opportunities we are considering are:

(all costs illustrative for discussion and scoping only)

Broiler – One farm unit of 10 standard NI Houses (282' x 66' – 34,000 birds at 38Kg or 28,000 birds at 30 Kg)- Total capacity 300,000 Birds or 40,000 WBE weekly, with enhanced data gathering equipment (bird & feed weighing and behavioural measurement), 10 * 99kWh Biomass Boilers with storage for pellets and wood chip (RHI compliant), Biosecurity arrangements (bird contact personnel), staff accommodation (3 bedroom bungalow and 2 by 2 bedroom apartments) and an education/research centre (Reception, 3 offices, significant meeting room with viewing facility).

Estimated cost (site £200K, Broiler House cost 10 * £350K = £3,500K, Biomass Boilers 10*£35K = £350K, Biosecurity Facilities £30K, Accommodation £200k and Education/Research Centre £150K = £4.5M)

Parent Laying – One Parent Lay Farm xxxxxxxx Birds Alan and Danny have been in discussion with an investor who has a site suitable for this development and an appetite to fund the project. This initial discussion was for a 15 year contract from MP to the investor. This development has stalled but it would be an intention to recommence this negotiation. Cost ?????

Parent Laying – MP owns 2 sites Dundoonan and Kilmoyle -both are Broiler sites with 8 by 1,000 sqm – housing c150,000 Broilers each. They need redevelopment and have IPPC issues. The suggestion is that we sell the sites and existing houses to new investors, who would utilise 3 of the existing houses for refurbishment and build 4-5 new houses to bring the site up to xxxxxxxx parent lay farm. Provide accommodation etc. Estimated cost Site £100K (nominal for illustration only) refurbish 3 houses £800K, build 3 new houses, biosecurity facilities £25K and accommodation £140K = £1M per farm????

What do we need to do to make this happen?

1. Leadership/Responsibility - We need to establish who will champion each scheme and create a negotiation team around the overall project. Suggestions David Mark Agri Projects, Tom McKeown Broiler, Danny Rotherham Breeding, Peter Morgan Technical, Niall McKeown Accountancy and John Hoare Finance.

Action: Agree direction of travel and confirm structure David Gibson

2. Finance– we have the investor for the parent laying opportunity, we also have had discussions with First Trust who are confident they would fund these type of contracts and could bring high wealth individuals to the table as principle investors. Need to agree funding approach for each project and bring together a “prospectus” for each project and start to open lines of communication with potential funders.

Action : Agree outline proposals, cost and write up David Mark

3. What is the maximum tenancy Moy Park can offer to an investor? My understanding is that we are limited to a max 10 years to for a series of accountancy and company taxation reasons. However other understand 15 years is a possibility. We need to get a ruling on this 15 years would be preferable (and in the Broiler case involving RHI payments which have a 20 year term – a 20 year tenancy would be very cost effective)

Action : Get us a position on max tenancy options from central finance Niall McKeown

4. Legal Considerations – we need to cross reference the Broiler FBT contracts that will exist for GB and review with Central Legal how these relate to NI and what changes would be required, the same for Breeder FBT contracts in GB. In addition we need to start the process of gathering the deeds for Dundoonan and Kilmoylc, establishing the corporate governance issues around selling these asset to a new investor looking at complexity and timelines etc.

Action: Review legal position with Conn and agree way forward and issues John Hoare

5. Accountancy Considerations – in the case of the Broiler development we want to explore how we utilise the site as a Research base for near market trials on an on-going basis – looking at the potential tax benefits from a R&D perspective and consider how we should construct and word the proposal to maximise this potential

Action: Review and determine approach Niall McKeown

6. RHI Recovery – while understanding that the “owner” of the asset is the only one who can claim the RHI we want to investigate how we would fund the Biomass Boilers in the proposal and have the RHI payments considered as part of the return on the investment. For illustration if the RHI is likely to be £100K per annum we would “guarantee” to the investor that we would burn a stated quantity of wood to deliver a specific range of RHI and agree to supplement the standard rental return to make up for any shortfall in income. This is significant it could fund 2.5% of the rental fees. We need to consider how this would be structured to ensure this can be delivered.

Action: Review RHI legislation and investigate feasibility of utilising RHI in the repayment model Niall McKeown

7. Substantive Pricing- we have made a number of outline budget forecasts. We need to get our contract build and fit out partners involved to spec and price out these proposals so that we have evidential based prices.

Action : engage with partners and professional advisors to formulate detailed budgets for the 4 schemes David Mark

Timescales – Target to have these 4 Farm units built and operational by quarter 3 2015

