

Blenheim Palace 1984 Heritage Maintenance Fund Settlement (the 'Maintenance Fund')**Impact of rent from Botley West Solar Farm**

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This note sets out a high-level summary of the rents that will be payable to the Maintenance Fund as a consequence of the grant of leases pursuant to the option of land for the Botley West Solar Farm in favour of Solarfive Limited (the '**Solar Developer**') (the '**Solar Option**').

Under its terms, income of the Maintenance Fund must be applied in support of the maintenance, repair and preservation of the 'Heritage Property' and the provision of public access thereto. This is in accordance with the statutory requirements, as agreed with HMRC when it was established.

The 'Heritage Property' in this context is all within the World Heritage Site and includes the Palace, main buildings and monuments in the Park.

The attached plan shows 405 acres of freehold land owned by the Maintenance Fund that is within the Botley West Solar Farm development consent order limits, following Change Request 2 (which omits land to the south of Bladon). The plan distinguishes between:

- 317 acres of freehold land that is subject to the VUT Lease (defined below) shown coloured yellow; and
- 88 acres of freehold land that is unencumbered shown coloured purple.

'VUT Lease': a lease dated 2 July 2012 in respect of properties in and around Woodstock, Oxfordshire made between (1) the trustees of the Maintenance Fund and (2) Vanbrugh Trustees Limited and Vanbrugh Trustees No. 2 Limited as trustees of the Vanbrugh Unit Trust ('**VUT**'). The lease term will continue until 1 July 2092, well beyond the term of the Botley West proposal.

Following the exercise of the Solar Option and the grant of leases to the Solar Developer: (i) the Maintenance Fund will receive rent directly from the Solar Developer in respect of 88 acres of unencumbered freehold land; and (ii) pursuant to the rental provisions of the VUT Lease part of the rent paid to VUT under the Solar leases will, in turn, be paid by VUT to the Maintenance Fund as turnover rent.

The passing rent (pro-rated on an acreage basis) shall continue to be payable in respect of any areas not included in Solar leases.

1. Maintenance Fund current rent receipts

- 1.1 Currently the Maintenance Fund receives aggregate rents in respect of its landholdings of £88,000 per annum. This figure includes:
- (a) rents paid to the Maintenance Fund directly by tenants in respect of 98 acres of unencumbered freehold land (ie the 88 acres of freehold land included in the Solar Option and a further 10 acres that are not included in the Solar Option); and
 - (b) by way of turnover rent under the VUT Lease, 50% of the rental income received by VUT from any subletting for agricultural and ancillary uses only, less outgoings incurred by VUT on repairs, insurance and management.

2. Solar Provisions

- 2.1 317 acres of the VUT Lease demise is subject to the Solar Option.
- 2.2 If the Solar Developer exercises the Solar Option so that Solar leases are granted to it over part of the VUT Lease demise, the alternative rental arrangement below shall apply between VUT and the Maintenance Fund.
- 2.3 In respect of any areas that are included in Solar leases, VUT shall pay to the Maintenance Fund 50% of the rent received from the Solar Developer, after deducting a proportionate part of any costs incurred VUT in connection with its obligations under the Solar Option.

3. Overall impact on rents received by the Maintenance Fund

- 3.1 As a consequence of the receipt of the rents from the Solar leases (both indirectly via the turnover rent paid by VUT, and directly from rents paid by the Solar Developer to the Maintenance Fund), the amount that the Maintenance Fund pays towards the Heritage Property is expected to increase from £88,000 to approximately £440,000 per annum.
- 3.2 These assumptions are subject to confirmation of the final drawdown areas to be included in Solar leases and the detailed commercial performance of the Botley West scheme once operational but represent a reasonable assessment based on the proposals and economics circumstances today.
- 3.3 The amount the Maintenance Fund pays towards the Heritage Property above takes into account the reduction of approximately £67,500 per annum due to the removal of 90 acres south of Bladon under Change Request 2.
- 3.4 Rental assumptions for Botley West scheme:
 - (a) Typical ground lease rates for solar schemes range from £1,000–£2,000 per acre, per annum. These are usually indexed over the lifetime of the lease and vary depending on scheme output.
 - (b) For the purposes of this example, we have assumed £1,500 per acre, per annum.

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Withers LLP



Maintenance Fund Ownership - Botley West DCO

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