

## Tankerton Road, Whitstable



**Professional  
Date  
Contact**

Collective Enfranchisement  
December 2012  
Richard Sabin

### **The Property**

Our client, a private property investor, owned the freehold interest in this property comprising two flats which had each been sold off on 99 year long leases from 1986.

### **The Challenge**

Our client had been approached by the tenants of both flats seeking an extension to the term on their lease under the provisions of the Leasehold Reform, Housing and Urban Development Act 1993. The tenant is entitled to a new lease on similar terms except the ground rent will become a peppercorn, and the term is for 90 years plus the remainder of the term of the current lease.

Both leases had 65 years remaining. Our client was looking to grant an extension to the term for both flats and advice on what the premium payment should be.

### **Role of BTF**

BTF were instructed to calculate the diminution in value of our client's interest and the compensation, or premium, payable by each tenant in return for the lease extension. Given that the lease terms were both below 80 years, the marriage value to the tenant was also to be taken into consideration.

We were able to calculate the premium payable for each flat by capitalizing the remainder of the income over the term of the leases and sharing the marriage value of the market value for the flats with both the landlord and tenant.

BTF also undertook lease enfranchisement calculations in order to determine the amount payable by the tenants to buy the freehold interest.

Our client was able to use our advice and decided to sell the freehold interest of the property to the tenants through a collective enfranchisement.