



Long Leases (Scotland) Act 2012

2012 asp 9

PART 4

COMPENSATION FOR LOSS OF LANDLORD'S RIGHTS

Calculation of compensatory payment

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The compensatory payment in relation to a lease is calculated as follows—

Step 1

Determine the annual rent (AR) in accordance with section 48.

Step 2

Calculate the notional annual renewal premium (NARP) (if any) in accordance with section 49.

Step 3

Calculate the annual income (AI) according to the following formula—

$$AI = AR + NARP$$

Step 4

Calculate the sum of money which would, if invested in 2.5 per cent Consolidated Stock at the middle market price at the close of business last preceding the appointed day, produce an annual sum equal to AI.

The sum calculated is the compensatory payment.