

## SCHEDULES

### SCHEDULE 6

#### PURCHASE PRICE PAYABLE BY NOMINEE PURCHASER

#### PART III

##### INTERMEDIATE LEASEHOLD INTERESTS

###### *Price payable for intermediate leasehold interests*

- 6 (1) Where the nominee purchaser is to acquire one or more intermediate leasehold interests—
- (a) a separate price shall be payable for each of those interests, and
  - (b) (subject to the provisions of this paragraph) that price shall be the aggregate of—
    - (i) the value of the interest as determined in accordance with paragraph 7, and
    - (ii) any amount of compensation payable to the owner of that interest in accordance with paragraph 8.
- (2) Where in the case of any intermediate leasehold interest the amount arrived at in accordance with sub-paragraph (1)(b) is a negative amount, the price payable by the nominee purchaser for the interest shall be nil.

###### *Value of intermediate leasehold interests*

- 7 (1) Subject to sub-paragraph (2), paragraph 3 shall apply for determining the value of any intermediate leasehold interest for the purposes of paragraph 6(1)(b)(i) with such modifications as are appropriate to relate that paragraph to a sale of the interest in question subject (where applicable) to any leases intermediate between that interest and any lease held by a qualifying tenant of a flat contained in the specified premises.
- (2) The value of an intermediate leasehold interest which is the interest of the tenant under a minor intermediate lease shall be calculated by applying the formula set out in sub-paragraph (7) instead of in accordance with sub-paragraph (1).
- (3) “A minor intermediate lease” means a lease complying with the following requirements, namely—
- (a) it must have an expectation of possession of not more than one month, and
  - (b) the profit rent in respect of the lease must be not more than £5 per year;
- and, in the case of a lease which is in immediate reversion on two or more leases, those requirements must be complied with in connection with each of the sub-leases.
- (4) Where a minor intermediate lease is in immediate reversion on two or more leases—

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- (a) the formula set out in sub-paragraph (7) shall be applied in relation to each of those sub-leases (and sub-paragraphs (5) and (6) shall also so apply); and
  - (b) the value of the interest of the tenant under the minor intermediate lease shall accordingly be the aggregate of the amounts calculated by so applying the formula.
- (5) “Profit rent” means an amount equal to that of the rent payable under the lease on which the minor intermediate lease is in immediate reversion, less that of the rent payable under the minor intermediate lease.
- (6) Where the minor intermediate lease or that on which it is in immediate reversion comprises property other than a flat held by a qualifying tenant, then in sub-paragraph (5) the reference to the rent payable under it means so much of that rent as is apportioned to any such flat.

(7) The formula is—

$$P = \pounds \frac{R}{Y} - \frac{R}{Y(1 + Y)^n}$$

where—

- P = the price payable;
- R = the profit rent;
- Y = the yield (expressed as a decimal fraction) from 2½ per cent. Consolidated Stock;
- n = the period, expressed in years (taking any part of a year as a whole year), of the remainder of the term of the minor intermediate lease as at the valuation date.

- (8) In calculating the yield from 2½ per cent. Consolidated Stock, the price of that stock shall be taken to be the middle market price at the close of business on the last trading day in the week before the valuation date.
- (9) For the purposes of this paragraph the expectation of possession carried by a lease in relation to a lease (“the sub-lease”) on which it is in immediate reversion is the expectation of possession which it carries at the valuation date after the sub-lease, on the basis that—
- (a) (subject to sub-paragraph (10)) where the sub-lease is a lease held by a qualifying tenant of a flat contained in the specified premises, it terminates at the valuation date if its term date fell before then, or else it terminates on its term date; and
  - (b) in any other case, the sub-lease terminates on its term date.
- (10) In a case where before the relevant date for the purposes of this Chapter the landlord of any such qualifying tenant as is mentioned in sub-paragraph (9)(a) had given notice to quit terminating the tenant’s sub-lease on a date earlier than that date, the date specified in the notice to quit shall be substituted for the date specified in that provision.

*Compensation for loss on acquisition of interest*

- 8 Sub-paragraphs (1) to (4) of paragraph 5 shall apply in relation to the owner of any intermediate leasehold interest as they apply in relation to the freeholder.

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*Owners of intermediate interests entitled to part of marriage value*

- 9 (1) This paragraph applies where—
- (a) the price payable for the freehold of the specified premises includes an amount in respect of the freeholder's share of the marriage value, and
  - (b) the nominee purchaser is to acquire any intermediate leasehold interests.
- (2) The amount payable to the freeholder in respect of his share of the marriage value shall be divided between the freeholder and the owners of the intermediate leasehold interests in proportion to the value of their respective interests in the specified premises (as determined for the purposes of paragraph 2(1)(a) or paragraph 6(1)(b)(i), as the case may be).
- (3) Where the owner of an intermediate leasehold interest is entitled in accordance with sub-paragraph (2) to any part of the amount payable to the freeholder in respect of the freeholder's share of the marriage value, the amount to which he is so entitled shall be payable to him by the freeholder.