



Wapping Quays RTM Company Ltd

What is the 0.5% Sale Contribution? Briefing note June 2016.

The lease for each apartment at Wapping Quays contains the following provision:

Seventh Schedule, Clause 1(b)

"(b) (i) A sum representing 0.5% of the sale price on any sale of the Demised Premises or the market value on any disposition of the Demised Premises other than by sale for each year (apportioned if necessary on the basis of complete months) of the Lessee's occupation of the Demised Premises."

What does this mean?

When an apartment is sold, a contribution is payable to the sinking fund.

The contribution is calculated as:

0.5% of the sale price for each year of ownership, apportioned by complete months where ownership is not a whole number of years.

Example

Apartment sale price: £300,000

Length of ownership: 10 years

Calculation:

• $0.5\% \times £300,000 = £1,500$

• $£1,500 \times 10 \text{ years} = £15,000$

Contribution payable: £15,000

What is the sinking fund?

The sinking fund is used to help pay for major repairs, maintenance and replacement works to the building. It helps spread the cost of major expenditure over time and reduces the need for large one-off contributions from leaseholders when significant works are required. The contribution also helps ensure that those who have benefited from the building and its facilities during their period of ownership make a contribution towards the long-term maintenance and preservation of the property.

This note is intended as a simple explanation of the lease provision. In the event of any discrepancy, the wording of the lease takes precedence.

The Board of Directors
Wapping Quays RTM Company Ltd