



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : MAN/00CA/OAF/2015/00010 & 11

Properties : 4 & 5 Tudhoe Park Court, Durham Road,
Spennymoor, County Durham DL16 6JR

Applicants : David & Tracy Spragg

Representative : Clarke Mairs LLP Solicitors

Respondent : Missing landlord

Type of Application : Determination of price and terms of new leases
pursuant to Orders of The Newcastle upon Tyne
County Court dated 23 September 2014

Tribunal Members : Mr S Moorhouse LLB (Judge)
Mr J Platt FRICS FIRPM

**Date of inspection &
paper determination** : 27 April 2015

DECISION

DECISION

- (1) In relation to 4 Tudhoe Park Court:
 - (i) the appropriate sum to be paid into court is £7800; and
 - (ii) the lease in Annex B is in a form approved by the Tribunal and determined by the Tribunal to be appropriate.

- (2) In relation to 5 Tudhoe Park Court:
 - (i) the appropriate sum to be paid into court is £7800; and
 - (ii) the lease in Annex C is in a form approved by the Tribunal and determined by the Tribunal to be appropriate.

REASONS

The Court Order

1. An Order was made by the Newcastle upon Tyne County Court on 23 September 2014 upon the application of Patricia Mary Christine Spragg in the following terms.

It was declared that:

'(1) The Claimant has the right to acquire a new lease of her flat at 4 Tudhoe Park Court, Durham Road, Spennymoor DL16 6JR pursuant to Section 39 of the Leasehold Reform, Housing and Urban Development Act 1993.

(2) On the date of this application the Claimant would not have been precluded by any provision of Chapter II of the Leasehold Reform, Housing and Urban Development Act 1993 from giving a valid notice under Section 42 with respect to the Property.

(3) This is a vesting order pursuant to Section 50(1) of the Leasehold Reform, Housing and Urban Development Act 1993.'

It was ordered that:

'(4) This matter shall be transferred to the First-Tier Tribunal (Property Chamber) to determine the following:-

(a) The form of surrender and lease to be entered into by the Claimant; AND

(b) The appropriate sum to be paid into court in accordance with subsection 50(3) of the 1993 Act.'

2. The Order goes on to provide, amongst other things, for the execution of the new lease upon production of the Tribunal's determination and upon payment into court of the sum determined by the Tribunal.

3. An Order in equivalent terms was made by the County Court on the same day in relation to number 5 Tudhoe Park Court, the claimants in that case being Patricia Spragg's son, David Spragg and his wife Tracy Spragg.

The Properties

4. The Tribunal was able to conduct an internal and external inspection of the Properties, being granted access to 4 Tudhoe Park Court by Patricia Spragg and to 5 Tudhoe Park Court by David and Tracy Spragg's tenant.
5. Each of the Properties comprises a reasonably spacious 2 bed flat. No. 4 has both a bathroom and shower room, the bathroom extending above a ground floor property adjacent to no. 5. The layout in no. 5 allows for slightly larger bedrooms. Both properties benefit from double glazing and gas central heating, installed in each case by the leaseholder or their predecessor.
6. The Properties form part of a conversion in the 1970's of a substantial older building.

The Law

7. The following subsections of the Leasehold Reform Housing and Urban Development Act 1993 ('the Act') are of relevance:

Section 51(1)

'A vesting order under section 50(1) is an order providing for the surrender of the tenant's lease of his flat and the granting to him of a new lease of it on such terms as may be determined by a tribunal to be appropriate with a view to the lease being granted to him in like manner (so far as the circumstances permit) as if he had, at the date of his application, given notice under section 42 of his claim to exercise the right to acquire a new lease of his flat.'

Section 51(3)

'Where any lease is to be granted to a tenant by virtue of a vesting order under section 50(1), then on his paying into court the appropriate sum there shall be executed by such person as the court may designate a lease which -

(a) is in a form approved by a tribunal, and

(b) contains such provisions as may be approved for the purpose of giving effect so far as possible to section 56(1) and section 57 (as that section applies in accordance with subsections (7) and (8) below);

and that lease shall be effective to vest in the person to whom it is granted the property expressed to be demised by it, subject to and in accordance with the terms of the lease.'

Section 51(5)

'The appropriate sum to be paid into court in accordance with subsection (3) is the aggregate of -

(a) such amount as may be determined by a tribunal to be the premium which is payable under Schedule 13 in respect of the grant of the new lease;

(b) such other amount or amounts (if any) as may be determined by such a tribunal to be payable by virtue of that Schedule in connection with the grant of that lease; and

(c) any amounts or estimated amounts determined by such a tribunal as being, at the time of execution of that lease, due to the landlord from the tenant.....'

Section 56

'(1) Where a qualifying tenant of a flat... has a right to acquire a new lease of the flat... the landlord shall be bound to grant to the tenant, and the tenant shall be bound to accept -

(a) in substitution for the existing lease, and

(b) on payment of the premium payable under Schedule 13 in respect of the grant,

a new lease of the flat at a peppercorn rent for a term expiring 90 years after the term date of the existing lease.'

Section 57

'(1) Subject to the provisions of this Chapter (and in particular to the provisions as to rent and duration contained in section 56(1)), the new lease to be granted to a tenant under section 56 shall be a lease on the same terms as those of the existing lease, as they apply on the relevant date.....'

8. The following paragraphs appear in Part II of Schedule 13 to the Act:

'2. The premium payable to the tenant in respect of the grant of a new lease shall be the aggregate of -

(a) the diminution in value of the landlord's interest in the tenant's flat as determined in accordance with paragraph 3,

(b) the landlord's share of the marriage value as determined in accordance with paragraph 4, and

(c) any amount of compensation payable to the landlord under paragraph 5.

3. (1) The diminution in value of the landlord's interest is the difference between -

(a) the value of the landlord's interest in the tenant's flat prior to the grant of the new lease; and

(b) the value of his interest in the flat once the new lease is granted.

(2) Subject to the provisions of this paragraph, the value of any such interest of the landlord as is mentioned in sub-paragraph (1)(a) or (b) is the amount which at the relevant date that interest might be expected to realise if sold on the open market by a willing seller (with neither the tenant nor any owner of an

intermediate leasehold interest buying or seeking to buy) on the following assumptions -

(a) on the assumption that the vendor is selling for an estate in fee simple or (as the case may be) such other interest as is held by the landlord, subject to the relevant lease and any intermediate leasehold interests;

(b) on the assumption that Chapter I and this Chapter confer no right to acquire any interest in any premises containing the tenant's flat or to acquire any new lease;

(c) on the assumption that any increase in the value of the flat which is attributable to an improvement carried out at his own expense by the tenant or by any predecessor in title is to be disregarded; and

(d) on the assumption that (subject to paragraph (b)) the vendor is selling with and subject to the rights and burdens with and subject to which the relevant lease has effect or (as the case may be) is to be granted.

(3) In sub-paragraph (2) "the relevant lease" means either the tenant's existing lease or the new lease, depending on whether the valuation is for the purposes of paragraph (a) or paragraph (b) of sub-paragraph (1).

[(4), (5), (6); 4, 4A, 4B]

5(1) Where the landlord will suffer any loss or damage to which this paragraph applies, there shall be payable to him such amount as is reasonable to compensate him for that loss or damage.

(2) This paragraph applies to -

(a) any diminution in value of any interest of the landlord in any property other than the tenant's flat which results from the grant to the tenant of the new lease; and

(b) any other loss or damage which results therefrom to the extent that it is referable to the landlord's ownership of any such interest.

(3) Without prejudice to the generality of paragraph (b) of sub-paragraph (2), the kinds of loss falling within that paragraph include loss of development value in relation to the tenant's flat to the extent that this is referable as mentioned in that paragraph.

(4) In sub-paragraph (3) "development value", in relation to the tenant's flat, means any increase in the value of the landlord's interest in the flat which is attributable to the possibility of demolishing, reconstructing, or carrying out substantial works of construction affecting, the flat (whether together with any other premises or otherwise).'

Directions & Statements of Case

9. Pursuant to Directions issued by the Tribunal on 23 March 2015 in relation to each of the Properties the Applicants have submitted Statements of Case accompanied by Witness Statements made by the Applicants' representative and various other documents.
10. The Applicants submit a draft new lease in relation to each of the Properties accompanied by copies of the existing leases and other relevant title information.
11. Additionally a copy valuation is submitted relating to each of the Properties prepared by Wakefields Chartered Building Surveyors and dated 3 January 2012. The Applicants state that the valuation report cannot be updated since the author has died.
12. In each case the valuation is addressed to the relevant Applicant(s) and is stated to be for 'Leasehold Enfranchisement purposes'. The premium payable for each flat upon the grant of a new lease is valued at £5,285.
13. It is acknowledged within the valuations that they may be subject to disagreement with any valuer who may act on behalf of the freeholder or his successors. It is also acknowledged that one of the figures appearing in the calculation might be open to wide variation, namely the relativity percentage of 90% applied in the calculation of marriage value. It is indicated that if the lowest percentage identified in the Graph of Relativity referred to by the valuer (namely 79%) were to be adopted, the premium for each of the Properties would increase to around £9,240.
14. The Tribunal considers that the valuations do not qualify as expert evidence since the detailed requirements of Rule 19 of The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 are not met. Nevertheless, without attributing to the valuations the weight of expert opinion, the Tribunal considers that the valuer's comments form part of the Applicants' overall representations in their statements of case. In this respect the Tribunal notes that the valuations were undertaken with a view to Leasehold Enfranchisement but that the principles adopted are relevant in the present case.

The Appropriate Sum - Section 51(3) and (5)

15. The appropriate sum to be paid into court in relation to each of the Properties is the aggregate of the amounts referred to in subsections (a), (b) and (c) of section 51(5) of the Act, namely the lease premium (subsection (a)), such other amounts are payable under Schedule 13 (subsection (b)) and any amounts or estimated amounts due to the landlord at the time of execution of the new lease (subsection (c)).
16. The Tribunal determines that there are no amounts payable pursuant to subsections (b) or (c). With regard to subsection (b) there are no intermediate interests or other circumstances that give rise to payments intended to be captured by the subsection. With regard to subsection (c), whilst the existing leases each provide for an annual ground rent of £15, there is no evidence to

suggest that any ground rent payments are owed. In this respect, section 166 of the Commonhold and Leasehold Reform Act 2002 provides that a leaseholder does not become liable for rent until notice in the form prescribed by that section has been given by the landlord.

17. The appropriate sum to be paid into court therefore equates to the premium payable upon the grant of each of the new leases, calculated in accordance with paragraphs 2 and 3 of Schedule 13 to the Act. The calculation requires the Tribunal to determine the value of each of the Properties on the basis of (1) freehold with possession, (2) leasehold with extended lease; and (3) leasehold with the present unexpired term.
18. Evidence is scant, due in part to the absence of similar properties in the locality, and the Tribunal has to rely substantially on its own knowledge and experience. Although the Properties are quite unusual for Spennymoor, Land Registry data on sales in the last 2 years and estate agents particulars for properties on the market for sale indicate that a good quality 2 bedroom flat in the locality would sell for in the region of £70,000 to £85,000 for a leasehold interest with a long unexpired term.
19. The Tribunal considers that the minor differences between the Properties noted at inspection (in terms of size and layout) cancel each other out and that the values of each flat are similar. Furthermore the various works carried out to the Properties by the Applicants and their predecessors are largely in the nature of replacement, repair, maintenance and decoration and whilst the Properties appear to be in an excellent state of repair and decoration, there is no 'improvement' to be taken into consideration within the meaning of paragraph 3(2)(c) of Schedule 13 to the Act.
20. Based on its own knowledge and experience the Tribunal considers that a reasonable approximation for the leasehold value of each of the Properties once the new lease has been granted in accordance with paragraph 3(1)(b) of Schedule 13 is £77,000.
21. In the absence of evidence to the contrary the Tribunal is of the view that the value of each of the Properties freehold in possession is no different from that of the extended lease, namely £77,000.
22. It is apparent that the Applicants David Spragg and Tracy Spragg purchased 5 Tudhoe Park Court (by way of assignment of the unexpired term of the existing lease) on 20 July 2011 at a price of £75,000. The Tribunal considers that it is reasonable to take this figure as a basis for the valuation of the unexpired term of the lease of each of the Properties subject to the following adjustments.
23. The Tribunal considers that David and Tracy Spragg should be treated as special purchasers since David's mother lives at no. 4 and that the value of the unexpired leasehold interest should be adjusted to £72,000 as a consequence. The Tribunal considers that a further adjustment is appropriate to bridge the gap from July 2011 to the date of this decision by reference to the Land Registry House Price Index for Durham. This gives rise to a reduced valuation in the region of £66,000.
24. In calculating marriage value pursuant to paragraph 2(b) of Schedule 13 to the

Act, the Tribunal considers that it is reasonable to adopt a relativity percentage of 85% in the present case having regard to the Graph of Relativity submitted on the Applicants' behalf. Based on a value of £77,000 once the new lease has been granted this gives rise to a value for the unexpired term of £65,450. This is reasonably consistent with the Tribunal's view, arrived at by reference to the 2011 purchase of no. 5, that the value of the unexpired term is in the region of £66,000.

25. The Tribunal considers that it would be reasonable therefore to adopt the figure of £65,450 as the current leasehold value of each of the Properties in its calculation of marriage value pursuant to paragraph 3(1)(a) of Schedule 13 to the Act.
26. Having regard to interest rates prevailing nationally at the relevant date, particularly as adopted by tribunals in valuing freehold reversions, the Tribunal is of the view that the appropriate yield rate to be adopted in capitalising ground rent is 7% and not the rate of 7.5% adopted within the Applicants' valuations. In the context of calculating present values of future capital sums the Tribunal is of the view that the appropriate deferment rate is the rate prescribed for flats in the enfranchisement case of *Cadogan -v- Sportelli*, namely 5%.
27. The Tribunal determines that no compensation is payable to the freeholder pursuant to paragraph 5 of Schedule 13 to the Act. The Tribunal does not consider that there is potential development value in this case and there is no evidence to suggest that the freeholder would suffer any loss or damage as a consequence of the grant of the new leases.
28. Applying the principles set out above, the amount to be paid into court in relation to each of the Properties in accordance with subsections 51(3) and (5) of the Act is £7800. The Tribunal's detailed calculations are set out at Annex A.

The Appropriate Terms - Section 51(1)

29. The Tribunal is required to determine the appropriate terms of the new leases (and the surrender of the existing leases) with a view to the new leases being granted in like manner (so far as circumstances permit) as if the Applicants had been able to exercise their right to new leases by notice to the landlord. Accordingly section 57 of the Act ('Terms on which new lease is to be granted') is relevant.
30. The Tribunal notes that the draft 'new leases' submitted by the Applicants contain amendments to the existing leases concerning insurance and enforceability of covenants. No arguments have been put forward by the Applicants on the issue of whether these additional provisions are justifiable having regard to the detailed provisions of section 57. It is open to the Tribunal to issue a direction requiring further submissions in support of the additional lease provisions and to then reconvene to determine this issue.
31. However, the Tribunal considers that the additional provisions do not materially prejudice the landlord's position and will potentially assist in the management of the Properties in the absence of a landlord. Having regard to its overriding objective to deal with matters fairly and justly, including the avoidance of delay and the requirement to act proportionately, the Tribunal considers that it is

appropriate to accept the additional provisions in these circumstances.

32. Section 51(1) of the Act relates to the surrender of the existing lease and the grant of the new lease. It appears that the Applicants intend the new leases to be in substitution for the existing leases and that separate deeds of surrender are not intended. The 'surrender of the Previous Lease' forms part of the consideration for the grant of the new lease specified within the drafts of the new leases. Whilst the surrender of the existing leases is implicit within the drafts, it is preferable to make express provision.

33. Accordingly the Tribunal makes the following additions to each of the draft new leases:

In clause 3.1 the words 'agreed below' are inserted immediately after the words 'surrender of the Previous Lease'.

A new clause 3.4 is added as follows: 'The Previous Lease is surrendered by agreement between the Landlord and the Tenant immediately prior to the commencement of the New Term'.

34. In all other respects the Tribunal approves the terms of the drafts of the new leases submitted by the Applicants.

35. Drafts of the new leases for 4 Tudhoe Park Court and 5 Tudhoe Park Court incorporating the Tribunal's amendments on the issue of surrender are set out in Annex B and Annex C respectively. The Tribunal approves these terms in accordance with section 51(3) of the Act and determines that the terms are appropriate within the meaning of section 51(1) of the Act.

Annex A Calculation of Premium

Valuation of lease extension for flats 4 & 5 Tudhoe Park, Spennymoor

Lease: 99 years from 1 January 1977 at fixed Ground Rent of £15.00 per annum

Unexpired Term	61	Years
Ground Rent	£15.00	Per Annum
Capitalisation Rate	7%	
Deferment Rate	5%	

Valuation

Freeholder's present interest

Term	Ground Rent	£15.00	pa	
	YP 61 yrs @ 7%	14.05530949		
				£210.83
Reversion	to Freehold in possession	77000		
	PV 61 yrs @ 5%	0.050986213		
				3925.94
				<u>£4,136.77</u>

Freeholder's interest after grant of new lease 0

Marriage Value

Value of flat with lease extension	77000	
Less		
Value of leaseholder's existing interest		
Relativity c80-87% say 85%	65450	
Freeholder's current interest	£4,136.77	
	69586.77	
Marriage Value		<u>7413.23</u>
50% of marriage value		<u>3706.62</u>
TOTAL		<u>£7,843.38</u>
	Say	<u>£7,800</u>

Annex B
New lease - 4 Tudhoe Park Court

DATED _____ **2015**

UNKNOWN

and

PATRICIA MARY CHRISTINE SPRAGG

Lease of
4 Tudhoe Park Court, Durham Road, Spennymoor, DL16 6JR

Clarke Mairs LLP
One Hood Street
Newcastle upon Tyne
NE1 6JQ

Tel: 0845 111 0795
Fax: 0845 111 0794
Ref: KR.AY.43013

Prescribed Clauses

LR1. Date of lease

LR2. Title number(s)

LR2.1 Landlord's title number(s)

Unregistered

LR2.2 Other title numbers

DU66979

LR3. Parties to this lease

Landlord

UNKNOWN

Tenant

PATRICIA MARY CHRISTINE SPRAGG of 4 Tudhoe Park Court, Spennymoor, County Durham, DH16 6JR

LR4. Property

In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail.

See clause 1.1 definition "the Property"

LR5. Prescribed statements etc.

This lease is granted under Section 50 and 56 of the Leasehold Reform, Housing and Urban Development Act 1993

LR6. Term for which the Property is leased

The term is as follows:-

From the date of this lease to and including 31 December 2165

LR7. Premium

LR8. Prohibitions or restrictions on disposing of this lease

This lease does not contain a provision that prohibits or restricts dispositions.

LR9. Rights of acquisition etc.

LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land

None

LR9.2 Tenant's covenant to (or offer to) surrender this lease

None

LR9.3 Landlord's contractual rights to acquire this lease

None

LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property

None

LR11. Easements

LR11.1 Easements granted by this lease for the benefit of the Property

Clause 1 and the Second Schedule to the Previous Lease

LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property

Clause 1 and the Third Schedule to the Previous Lease

LR12. Estate rentcharge burdening the Property

None

LR13. Application for standard form of restriction

None

LR14. Declaration of trust where there is more than one person comprising the Tenant

None

THIS LEASE made the

day of

2015

BETWEEN:

- (1) **UNKNOWN** ("the Landlord"); and
- (2) **PATRICIA MARY CHRISTINE SPRAGG** of 4 Tudhoe Park Court, Spennymoor, County Durham, DL16 6JR ("the Tenant")

1. DEFINITIONS AND INTERPRETATIONS

1.1. In this lease unless the context otherwise requires the following words shall have the following meanings:-

"the Previous Term"	99 years from 1 January 1977
"the New Term"	from the date of this lease to and including 31 December 2165
"the Previous Rent"	Fifteen pounds (£15.00) per annum
"the New Rent"	a peppercorn (if demanded)
"the Previous Lease"	a lease of the Property dated 28 October 1977 made between (1) William Wilson and Thomas Golightly and (2) Arnold Hook for the Previous Term at the Previous Rent and registered at the Land Registry under title number DU66979, a true copy of which is annexed hereto
"the Property"	all that property known as 4 Tudhoe Park Court, Durham Road, Spennymoor, DL16 6JR demised by the Previous Lease
"the 1993 Act"	the Leasehold Reform Housing and Urban Development Act 1993 (as amended)
"the 2002 Act"	the Commonhold and Leasehold Reform Act 2002

1.2. "The Landlord" shall include the person or persons from time to time entitled to the reversion of the Property hereby demised expectant on the New Term hereby granted where the context so admits

1.3. "the Tenant" shall where the context so admits include the persons deriving title under the Tenant

1.4. References to "the Lessors" and "The Lessee(s)" in the Previous Lease shall be read and construed as references to the Landlord and the Tenant respectively in this lease

- 1.5. If any party at any time comprises two or more persons the obligations of that party are to be joint and several obligations of those persons
- 1.6. Words importing one gender include all other genders, words importing the singular include the plural and vice versa and any reference to a person includes a reference to a company authority board department or other body
- 1.7. The clause headings do not form part of this lease and are not to be taken into account for the purposes of its construction or interpretation

2. RECITALS

- 2.1. The Previous Lease is now vested in the Tenant and the Tenant wishes to extend the term of the Previous Lease pursuant to Chapter II of Part I of the 1993 Act.
- 2.2. The landlord of the Property is unknown. Accordingly, the Tenant has applied to the County Court pursuant to Section 50(1) of the 1993 Act for a vesting order in respect of the Property.
- 2.3. By an order of the County Court at Newcastle upon Tyne under claim number A01NE962 dated 23 September 2014 a vesting order pursuant to Section 50(1) of the 1993 Act was made. A true copy of that order is annexed hereto ("the Order").
- 2.4. The matter was then transferred to the First-Tier Tribunal (Property Chamber) in order to determine the form of surrender and lease to be entered into by the Tenant and the appropriate sum to be paid into court in accordance with sub-section 50(3) of the 1993 Act.
- 2.5. By a determination of the First-Tier Tribunal (Property Chamber) dated
2015 under reference
MAN/00EJ/OLR/2015/0010 ("the FTT Determination") the terms of the surrender and new lease and of the sum to be paid into court in accordance with sub-section 50(3) were determined in accordance with the matters set out in this lease. A true copy of the FTT Determination is annexed hereto.
- 2.6. This is a new lease for the purposes of the Landlord and Tenant (Covenants) Act 1995.
- 2.7. This lease is granted under section 50 and 56 of the 1993 Act.

3. WITNESSETH AS FOLLOWS:

3.1. Pursuant to Chapter II and under Section 50 of the 1993 Act and in pursuance of the Order and the FTT Determination and in consideration of the payment into a court of Pounds (£) and of the surrender of the Previous Lease agreed below and of the rents hereinafter reserved and the covenants on the part of the Tenant hereinafter contained the Landlord demises the Property to the Tenant with full title guarantee TOGETHER WITH the rights set out in clause 1 of the Previous Lease but EXCEPTING AND RESERVING unto the Landlord his successors in title persons deriving title under him and all others entitled to the like rights the rights set out in clause 1 of the Previous Lease TO HOLD the Property unto the Tenant for the New Term and paying to the Landlord the New Rent and any further rent as set out in the Previous Lease.

3.2. The Landlord and the Tenant confirm and agree that this lease is made upon the same terms covenants provisos and conditions as the Previous Lease save for:

- 3.2.1. the deletion of the Previous Term and substitution of the New Term;
- 3.2.2. the deletion of the Previous Rent and substitution of the New Rent; and
- 3.2.3. the amendments to the Previous Lease referred to in the Schedule hereto.

3.3 The Previous Lease is surrendered by agreement between the Landlord and the Tenant immediately prior to the commencement of the New Term.

4. COVENANTS

4.1. The Tenant covenants with the Landlord to observe and perform all the covenants and conditions on the part of the Tenant contained in the Previous Lease save as amended by clause 3.2 above.

4.2. The Landlord covenants with the Tenant to observe and perform all the covenants and conditions on the part of the Landlord contained in the Previous Lease.

5. REDEVELOPMENT

The Landlord may at any time during the periods of:

- 5.1. twelve months ending on 31 December 2075; and

5.2. five years ending on 31 December 2165

apply to the court under Section 61 of the 1993 Act for an order for possession of the Property on the ground that:

5.3. for the purposes of redevelopment it intends to demolish or reconstruct or carry out substantial works of construction on the whole or a substantial part of any premises containing the Property; and

5.4. it could not reasonably do so without obtaining possession of the Property and the provisions of that Section and of Schedule 14 to the 1993 Act shall apply accordingly.

6. SUB TENANTS

No long lease as defined in Section 7 of the 1993 Act created immediately or derivatively by way of a sub-demise out of this lease shall confer on the sub-tenant as against the Landlord a right under Chapter II of Part I of the 1993 Act.

7. TITLE GUARANTEE

Pursuant to Section 57(8) of the 1993 Act the grant of this lease is made with limited title guarantee.

8. LANDLORD'S LIABILITY

The Landlord's liability for breaches of covenant under this lease shall be limited to breaches for which it is responsible.

9. EXCLUSION OF THIRD PARTY RIGHTS

It is not intended that this lease should create any rights in favour of any third parties under the Contracts (Rights of Third Parties) Act 1999.

IN WITNESS whereof the parties hereto have executed this Deed the day and year first before written

SCHEDULE

Amendments to the Previous Lease

1. Clause 3 of the Previous Lease shall be deleted and replaced with the following:-

"3. The Tenant hereby (jointly and severally) covenants with the Landlord and with and for the benefit of the owners and tenants from time to time during the currency of the term hereby granted of the other flat comprised in the building containing the Property:-

- (a) that the Tenant shall insure the Property and keep the same insured during the currency of the term hereby granted against loss or damage by fire and such other risks as required from time to time by the Council of Mortgage Lenders (or such other organisation as shall supersede or replace the same) to the full reinstatement value thereof in an office of repute and pay all premiums and sums of money necessary for that purpose;*
- (b) on demand to produce or cause to be produced to the Landlord the policy of such insurance and the receipt for payment of the premium in respect thereof;*
- (c) in default thereof the Landlord or the owner or tenant from time to time during the currency of the term hereby granted of the other flat comprised in the building containing the Property may (without prejudice to the power of re-entry hereinafter contained) insure the Property in the manner aforesaid and pay the premiums payable in respect thereof and the Tenant shall pay to such person on demand the premiums so paid and all incidental expenses;*
- (d) if the Property or any part thereof shall be destroyed or damaged as aforesaid the Tenant shall reinstate the same in accordance with the plans provided by and to the satisfaction of the Architect or Surveyor of the Landlord it being hereby agreed that all monies to be received by virtue of any such insurance as aforesaid shall be applied so far as the same shall extend in rebuilding and reinstating the Property and in case the same shall be insufficient for the purpose then the Tenant shall make up the deficiency out of its own money*

2. The following wording of Clause 4(1) of the Previous Lease:-

"The Lessee(s) hereby (jointly and severally) covenant(s) with the Lessors that the lessee(s) and all persons deriving title under him will throughout the said term hereby granted:-"

shall be deleted and replaced with the following wording:-

“The Tenant hereby (jointly and severally) covenants with the Landlord and with and for the benefit of the owners and tenants from time to time during the currency of the term hereby granted of the other flat comprised in the building containing the Property that the Tenant will throughout the said term hereby granted:-”

3. The following shall be included as new clause 5(3):-

“The Landlord covenants with the Tenant that at the written request of the Tenant it shall enforce or assist the Tenant in enforcing the covenants on behalf of the Tenant of a lease of neighbouring property provided that:

(a) The Tenant shall indemnify the Landlord in writing against all costs and expenses of such enforcement (including any solicitors surveyors or other professionals costs and expenses and any VAT on them assessed on a full indemnity basis);

(b) The Landlord shall not be required to take action or incur any costs under this clause until the Tenant has given to the Landlord such security as the Landlord shall in its reasonable discretion require; and

(c) The Tenant shall join in any action or proceedings if so requested by the Landlord.

Pursuant to an order dated 23 September 2014 made in the County Court at Newcastle upon Tyne under Claim Number A01NE962 and in exercising powers under Section 50 of the Leasehold Reform, Housing and Urban Development Act 1993 (as amended) this lease is hereby executed by the Landlord acting by a District Judge/designated authorised signatory

.....

In the presence of:

Witness

Name

Address

.....

.....

Occupation

Signed as a Deed by the said
PATRICIA MARY CHRISTINE SPRAGG
In the presence of:

.....

Witness

Name

Address

.....

.....

Occupation

Annex C
New lease - 5 Tudhoe Park Court

DATED _____ **2015**

UNKNOWN

and

DAVID WILLIAM PAUL SPRAGG and TRACY ANNE SPRAGG

Lease of
5 Tudhoe Park Court, Durham Road, Spennymoor, DL16 6JR

Clarke Mairs LLP
One Hood Street
Newcastle upon Tyne
NE1 6JQ

Tel: 0845 111 0795
Fax: 0845 111 0794
Ref: KR.AY.43013

Prescribed Clauses

LR1. Date of lease

LR2. Title number(s)

LR2.1 Landlord's title number(s)

Unregistered

LR2.2 Other title numbers

DU67335

LR3. Parties to this lease

Landlord
UNKNOWN

Tenant

DAVID WILLIAM PAUL SPRAGG and TRACY ANNE SPRAGG of 5 Tudhoe Park Court, Spennymoor, County Durham, DH16 6JR

LR4. Property

In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail.

See clause 1.1 definition "the Property"

LR5. Prescribed statements etc.

This lease is granted under Sections 50 and 56 of the Leasehold Reform, Housing and Urban Development Act 1993

LR6. Term for which the Property is leased

The term is as follows:-

From the date of this lease to and including 31 December 2165

LR7. Premium

LR8. Prohibitions or restrictions on disposing of this lease

This lease does not contain a provision that prohibits or restricts dispositions.

LR9. Rights of acquisition etc.

LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land

None

LR9.2 Tenant's covenant to (or offer to) surrender this lease

None

LR9.3 Landlord's contractual rights to acquire this lease

None

LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property

None

LR11. Easements

LR11.1 Easements granted by this lease for the benefit of the Property

Clause 1 and the Second Schedule to the Previous Lease

LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property

Clause 1 and the Third Schedule to the Previous Lease

LR12. Estate rentcharge burdening the Property

None

LR13. Application for standard form of restriction

None

LR14. Declaration of trust where there is more than one person comprising the Tenant

The Tenant is more than one person. They are to hold the Property on trust for themselves as joint tenants

THIS LEASE made the

day of

2015

BETWEEN:

- (1) UNKNOWN ("the Landlord"); and
- (2) DAVID WILLIAM PAUL SPRAGG and TRACY ANNE SPRAGG of 5 Tudhoe Park Court, Spennymoor, County Durham, DL16 6JR ("the Tenant")

1. DEFINITIONS AND INTERPRETATIONS

1.1. In this lease unless the context otherwise requires the following words shall have the following meanings:-

- | | |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "the Previous Term" | 99 years from 1 January 1977 |
| "the New Term" | from the date of this lease to and including 31 December 2165 |
| "the Previous Rent" | Fifteen pounds (£15.00) per annum |
| "the New Rent" | a peppercorn (if demanded) |
| "the Previous Lease" | a lease of the Property dated 14 November 1977 made between (1) William Wilson and Thomas Golightly and (2) Kenneth Perry and Rita Perry for the Previous Term at the Previous Rent as amended by a Deed dated 1 September 1978 and registered at the Land Registry under title number DU67335, true copies of which are annexed hereto |
| "the Property" | all that property known as 5 Tudhoe Park Court, Durham Road, Spennymoor, DL16 6JR demised by the Previous Lease |
| "the 1993 Act" | the Leasehold Reform Housing and Urban Development Act 1993 (as amended) |
| "the 2002 Act" | the Commonhold and Leasehold Reform Act 2002 |

1.2. "The Landlord" shall include the person or persons from time to time entitled to the reversion of the Property hereby demised expectant on the New Term hereby granted where the context so admits

1.3. "the Tenant" shall where the context so admits include the persons deriving title under the Tenant

- 1.4. References to "the Lessors" and "The Lessee(s)" in the Previous Lease shall be read and construed as references to the Landlord and the Tenant respectively in this lease
- 1.5. If any party at any time comprises two or more persons the obligations of that party are to be joint and several obligations of those persons
- 1.6. Words importing one gender include all other genders, words importing the singular include the plural and vice versa and any reference to a person includes a reference to a company authority board department or other body
- 1.7. The clause headings do not form part of this lease and are not to be taken into account for the purposes of its construction or interpretation

2. RECITALS

- 2.1. The Previous Lease is now vested in the Tenant and the Tenant wishes to extend the term of the Previous Lease pursuant to Chapter II of Part I of the 1993 Act.
- 2.2. The landlord of the Property is unknown. Accordingly, the Tenant has applied to the County Court pursuant to Section 50(1) of the 1993 Act for a vesting order in respect of the Property.
- 2.3. By an order of the County Court at Newcastle upon Tyne under claim number A01NE963 dated 23 September 2014 a vesting order pursuant to Section 50(1) of the 1993 Act was made. A true copy of that order is annexed hereto ("the Order").
- 2.4. The matter was then transferred to the First-Tier Tribunal (Property Chamber) in order to determine the form of surrender and lease to be entered into by the Tenant and the appropriate sum to be paid into court in accordance with sub-section 50(3) of the 1993 Act.
- 2.5. By a determination of the First-Tier Tribunal (Property Chamber) dated
2015 under reference MAN/00EJ/OLR/2015/0011 ("the FTT Determination") the terms of the surrender and new lease and of the sum to be paid into court in accordance with sub-section 50(3) were determined in accordance with the matters set out in this lease. A true copy of the FTT Determination is annexed hereto.
- 2.6. This is a new lease for the purposes of the Landlord and Tenant (Covenants) Act 1995.
- 2.7. This lease is granted under section 50 and 56 of the 1993 Act.

3. WITNESSETH AS FOLLOWS:

- 3.1. Pursuant to Chapter II and under Section 50 of the 1993 Act and in pursuance of the Order and the FTT Determination and in consideration of the payment into a court of
Pounds (£) and of the surrender of the Previous Lease agreed below and of the rents hereinafter reserved and the covenants on the part of the Tenant hereinafter

- contained the Landlord demises the Property to the Tenant with full title guarantee TOGETHER WITH the rights set out in clause 1 of the Previous Lease but EXCEPTING AND RESERVING unto the Landlord his successors in title persons deriving title under him and all others entitled to the like rights the rights set out in clause 1 of the Previous Lease TO HOLD the Property unto the Tenant for the New Term and paying to the Landlord the New Rent and any further rent as set out in the Previous Lease.
- 3.2. The Landlord and the Tenant confirm and agree that this lease is made upon the same terms covenants provisos and conditions as the Previous Lease save for:
- 3.2.1. the deletion of the Previous Term and substitution of the New Term;
 - 3.2.2. the deletion of the Previous Rent and substitution of the New Rent; and
 - 3.2.3. the amendments to the Previous Lease referred to in the Schedule hereto.
- 3.3 The Previous Lease is surrendered by agreement between the Landlord and the Tenant immediately prior to the commencement of the New Term.

4. COVENANTS

- 4.1. The Tenant covenants with the Landlord to observe and perform all the covenants and conditions on the part of the Tenant contained in the Previous Lease save as amended by clause 3.2 above.
- 4.2. The Landlord covenants with the Tenant to observe and perform all the covenants and conditions on the part of the Landlord contained in the Previous Lease.

5. REDEVELOPMENT

The Landlord may at any time during the periods of:

- 5.1. twelve months ending on 31 December 2075; and
- 5.2. five years ending on 31 December 2165

apply to the court under Section 61 of the 1993 Act for an order for possession of the Property on the ground that:

- 5.3. for the purposes of redevelopment it intends to demolish or reconstruct or carry out substantial works of construction on the whole or a substantial part of any premises containing the Property; and
- 5.4. it could not reasonably do so without obtaining possession of the Property and the provisions of that Section and of Schedule 14 to the 1993 Act shall apply accordingly.

6. SUB TENANTS

No long lease as defined in Section 7 of the 1993 Act created immediately or derivatively by way of a sub-demise out of this lease shall confer on the sub-tenant as against the Landlord a right under Chapter II of Part I of the 1993 Act.

7. TITLE GUARANTEE

Pursuant to Section 57(8) of the 1993 Act the grant of this lease is made with limited title guarantee.

8. LANDLORD'S LIABILITY

The Landlord's liability for breaches of covenant under this lease shall be limited to breaches for which it is responsible.

9. EXCLUSION OF THIRD PARTY RIGHTS

It is not intended that this lease should create any rights in favour of any third parties under the Contracts (Rights of Third Parties) Act 1999.

IN WITNESS whereof the parties hereto have executed this Deed the day and year first before written

SCHEDULE

Amendments to the Previous Lease

1. Clause 3 of the Previous Lease shall be deleted and replaced with the following:-

"3. The Tenant hereby (jointly and severally) covenants with the Landlord and with and for the benefit of the owners and tenants from time to time during the currency of the term hereby granted of the other flat comprised in the building containing the Property:-

(e) that the Tenant shall insure the Property and keep the same insured during the currency of the term hereby granted against loss or damage by fire and such other risks as required from time to time by the Council of Mortgage Lenders (or such other organisation as shall supersede or replace the same) to the full reinstatement value thereof in an office of repute and pay all premiums and sums of money necessary for that purpose;

- (f) *on demand to produce or cause to be produced to the Landlord the policy of such insurance and the receipt for payment of the premium in respect thereof;*
- (g) *in default thereof the Landlord or the owner or tenant from time to time during the currency of the term hereby granted of the other flat comprised in the building containing the Property may (without prejudice to the power of re-entry hereinafter contained) insure the Property in the manner aforesaid and pay the premiums payable in respect thereof and the Tenant shall pay to such person on demand the premiums so paid and all incidental expenses;*
- (h) *if the Property or any part thereof shall be destroyed or damaged as aforesaid the Tenant shall reinstate the same in accordance with the plans provided by and to the satisfaction of the Architect or Surveyor of the Landlord it being hereby agreed that all monies to be received by virtue of any such insurance as aforesaid shall be applied so far as the same shall extend in rebuilding and reinstating the Property and in case the same shall be insufficient for the purpose then the Tenant shall make up the deficiency out of its own money*

2. The following wording of Clause 4(1) of the Previous Lease:-

"The Lessee(s) hereby (jointly and severally) covenant(s) with the Lessors that the lessee(s) and all persons deriving title under him will throughout the said term hereby granted:-"

shall be deleted and replaced with the following wording:-

"The Tenant hereby (jointly and severally) covenants with the Landlord and with and for the benefit of the owners and tenants from time to time during the currency of the term hereby granted of the other flat comprised in the building containing the Property that the Tenant will throughout the said term hereby granted:-"

3. The following shall be included as new clause 5(3):-

"The Landlord covenants with the Tenant that at the written request of the Tenant it shall enforce or assist the Tenant in enforcing the covenants on behalf of the Tenant of a lease of neighbouring property provided that:

- (d) *The Tenant shall indemnify the Landlord in writing against all costs and expenses of such enforcement (including any solicitors surveyors or other professionals costs and expenses and any VAT on them assessed on a full indemnity basis);*
- (e) *The Landlord shall not be required to take action or incur any costs under this clause until the Tenant has given to the Landlord such security as the Landlord shall in its reasonable discretion require; and*
- (f) *The Tenant shall join in any action or proceedings if so requested by the Landlord.*

Pursuant to an order dated 23 September 2014 made in the County Court at Newcastle upon Tyne under Claim Number A01NE963 and in exercising powers under Section 50 of the Leasehold Reform, Housing and Urban Development Act 1993 (as amended) this lease is hereby executed by the Landlord acting by a District Judge/designated authorised signatory

.....

In the presence of:

Witness

Name

Address

.....

.....

Occupation

Signed as a Deed by the said
DAVID WILLIAM PAUL SPRAGG

.....

In the presence of:

Witness

Name

Address

.....

.....

Occupation

Signed as a Deed by the said
TRACY ANNE SPRAGG

.....

In the presence of:

Witness

Name

Address

.....

.....

Occupation