



EVENT FEES – DISCLOSURE DOCUMENT

Deferred Development Payment

The extensive communal facilities, including the renovation of Boughton Hall, have been very expensive. Owners over many years will benefit from their use. For this reason, the leases have been structured so that all occupiers, not just the initial purchasers, make a contribution to the freeholder (ERL (Chester) Limited) for the cost of these facilities. The alternative would be for the first purchasers to pay a very high initial price.

This contribution, called a Deferred Development Payment (“DDP”), is graded at 3%, 4% and 5% in years 1, 2 and 2+ respectively. It is payable when the property is sold or re-assigned and is based upon a percentage of achieved sale price or open market value at that time.

Length of ownership	Up to 1 Year	1 – 2 Years	Over 2 Years
Deferred Development Payment	3%	4%	5%

We feel it would not be fair to charge the maximum fee to an owner who will only benefit for a shorter term and have, therefore, introduced a gradual increase. The final percentage is capped at 5%, irrespective of the length of occupation after the two-year period.

You don’t pay anything until you or your Executors sell or re-assign the lease of your property.

Sales Administration Fee*

A Sales Administration Fee (“SAF”) of 1.8% (including VAT at 20%) of the achieved sale price is also payable to ERL (Chester) Limited. This is in addition to any other fees, including legal costs, which are the responsibility of the vendor(s).

Property Value

Any uplift in equity (increase in value) achieved from a sale of a property, after payment of the DDP and SAF, is retained by the vendor(s).

Similarly, any decrease in value is borne by the vendor(s).

Examples

The tables below show examples of what the DDP and SAF might be if a property was purchased for £350,000 and was later sold (1) after its price had gone up by 3% per annum; (2) if the value remained static; and (3) if the price went down by 3% per annum.

It is not, of course, possible to show examples of all scenarios – all permutations of different rates of increase/decrease in value, the property value going up, down or remaining static some years and not others – but the tables hopefully give an understanding of how the DDP and SAF work.

Please note that the examples given are based on the current VAT rate of 20% (which is only payable on the SAF) and that the VAT rate may change in future years.

* The Sales Administration Fee is called the Marketing Assistance Fee in the Lease.

Annual Property Price Inflation of + 3%*							
Length of Ownership	Property Value**	Event Fee %			Amount Payable		
		DDP	SAF	Total	DDP	SAF	Total
Up to 1 year	£360,500	3%	1.8%	4.8%	£10,815	£6,489	£17,304
1 – 2 years	£371,315	4%	1.8%	5.8%	£14,852	£6,684	£21,536
2 – 3 years	£382,454	5%	1.8%	6.8%	£19,122	£6,884	£26,006
6 years	£417,918	5%	1.8%	6.8%	£20,895	£7,523	£28,418
10 years	£470,370	5%	1.8%	6.8%	£23,518	£8,467	£31,985

Annual Property Price Inflation of 0%*							
Length of Ownership	Property Value**	Event Fee %			Amount Payable		
		DDP	SAF	Total	DDP	SAF	Total
Up to 1 year	£350,000	3%	1.8%	4.8%	£10,500	£6,300	£16,800
1 – 2 years	£350,000	4%	1.8%	5.8%	£14,000	£6,300	£20,300
2 – 3 years	£350,000	5%	1.8%	6.8%	£17,500	£6,300	£23,800
6 years	£350,000	5%	1.8%	6.8%	£17,500	£6,300	£23,800
10 years	£350,000	5%	1.8%	6.8%	£17,500	£6,300	£23,800

Annual Property Price Inflation of - 3%*							
Length of Ownership	Property Value**	Event Fee %			Amount Payable		
		DDP	SAF	Total	DDP	SAF	Total
Up to 1 year	£339,500	3%	1.8%	4.8%	£10,185	£6,111	£16,296
1 – 2 years	£329,315	4%	1.8%	5.8%	£13,172	£5,928	£19,100
2 – 3 years	£319,435	5%	1.8%	6.8%	£15,971	£5,750	£21,721
6 years	£291,540	5%	1.8%	6.8%	£14,577	£5,248	£19,825
10 years	£258,098	5%	1.8%	6.8%	£12,904	£4,646	£17,550

* These rates of property price inflation are indicative only.

** Property prices may go up and down and vary from property to property.