Some information for prospective purchasers from Woodlawn Freehold Ltd.

Why we think you should buy a share in the freehold

Whether or not you are buying a flat from someone who is a member of the freehold company, we encourage you to buy an ordinary share and become a member yourself. We know that many estate agents and solicitors see ownership of the freehold by flat owners as a great asset. It prevents unscrupulous companies from buying the freehold and imposing heavy costs and conditions on owners. It enables owners to develop the complex as they want to.

Ordinary shares

The price of an ordinary freehold share is £2600. The freehold company rules allow them to be issued only to flat owners – and only one ordinary share per flat. So they cannot be bought up by developers.

If your prospective vendor (seller) already owns an ordinary share, we will transfer the share to you as soon as we are notified of the sale. We do not make any additional charge for this transfer.

If your prospective vendor does not own an ordinary share in the freehold company, we can issue an ordinary share to you on payment of the share price (£2,600). This can be done on or after your completion date. There is no charge over and above the share price.

It may be that your prospective vendor does not own an ordinary share, but has made part payment towards one (by means of redeemable preference shares, see below). In this case, we can issue an ordinary share to you by means of a special transfer of the preference shares to you and a redemption of those along with your payment to us of the difference. We do not charge for this special transfer or share issue.

Shareholders in the freehold company do not have to pay the (currently £100) annual ground rent or other charges raised by the freehold company for adaptations and other permissions. As an ordinary shareholder, you get a vote at the freehold company's AGM.

This all sounds a bit complicated

If you find the different companies and shares confusing, you are not alone. The complexities of leasehold tenure in England stem from historical arrangements between landowners and people who lease from them. We know it can all seem a bit odd if you haven't had to deal with it before. Some background might help.

Here are some links to information about how leasehold is different from freehold. These are links to the 'MoneySavingExpert' and 'Which?' websites respectively. If these links have broken, the sites' home pages should help you find a newer version. Or try searching for the terms 'leasehold' and 'freehold' and look for some well-informed and unbiased information.

What is a leasehold?   Leasehold vs freehold

One thing to make clear about Woodlawn Court is that buying a share in the freehold does not excuse you from paying service charges. These are raised by the management company under the terms of the lease and all flat owners (leaseholders) are obliged to contribute according to the terms of their lease.

A bit of Woodlawn history

The freehold hasn't always been in the hands of individual flat owners. The flats at Woodlawn Court and 173 Upper Chorlton Road were built in the 1950s by R W Willan (Estates) Ltd. About sixty years later, in March 2016, Willan (by then Willan Investments Ltd) indicated that they were preparing to sell the freehold. So, in September 2016, as part of the preparation to try and buy the freehold, a group of Woodlawn leaseholders formed a new company, Woodlawn Freehold Ltd. We raised the £199,500 needed by issuing shares in the new company. We set rules from the outset that meant there would be 84 ordinary shares – one for each flat. It was an intensive learning process with lots of legal steps and seemingly endless meetings. By the time of the deadline for purchase, we had secured the sale of 37 ordinary shares and we supplemented the funds from these by issuing 1,033 special loan shares (redeemable preference shares). So that's where the two kinds of share came from. The sale was completed at the turn of the financial year, on 30-Mar-2017.

Redeemable Preference Shares

Preference shareholders are secured creditors of the company with legal protection in the unlikely event that the company is wound up. The preference share holdings are effectively loans that have to be repaid by the company. At the time of issue, the company's offer to pay 1.5% interest p.a. on its preference shares seemed modest. And the benefits of holding preference shares were seen as largely philanthropic - enabling us to support local control and enhance the community. Recent years have seen a reduction in bank interest rates so that they now look rather more attractive.

Preference shareholders will gradually have their loans repaid by the company. According to our rules, the schedule for this is determined by the board in the interests of the company as a whole. It should be possible to repay between 4% and 5% of the total loans each year, and we estimate that it will take 20 to 30 years before all loans are paid back in full. Preference shareholders can keep their preference shares should they sell their property at Woodlawn Court and continue to receive interest if they choose.