

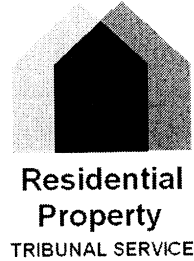
LONDON RENT ASSESSMENT PANEL

10 Alfred Place, London WC1E 7LR

Telephone: 020 7446 7700 Facsimile: 020 7446 7826

Direct Line: 020 7446 7809

DX: 134205 Tottenham Court Road 2



Moss Kay Pembertons
Station House
9 - 13 Swiss Terrace
London
NW6 4RR

Your Ref:

Our Ref: LON/ENF/1498/05

Date: 25 August 2006

Dear Sirs

**LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993
SECTION 24**

NOTIFICATION OF DECISION OF LEASEHOLD VALUATION TRIBUNAL


RE: 9/16 Stamford Hill Mansions, Stamford Hill, London, N16 5TL

The Tribunal has made its determination in respect of the above application and a copy of the document recording its decision is enclosed. A copy of the document is being sent to all other parties to the proceedings.

Any application from a party for leave to appeal to the Lands Tribunal must normally be made to the Leasehold Valuation Tribunal within 21 days of the date of this letter. If the Leasehold Valuation Tribunal refuses leave to appeal you have the right to seek leave from the Lands Tribunal itself.

If you are considering appealing, you are advised to read the note attached to this letter.

Yours faithfully

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a series of loops and a final flourish.

Caroline Shields
Clerk to the Leasehold Valuation Tribunal

GUIDANCE ON APPEAL FROM THE LVT

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 - (b) the name and address of every respondent;
 - (c) the grounds of appeal against the decision in respect of which leave to appeal is sought;
 - (d) where the applicant is represented, the name, address and profession of the representative; and
 - (e) the signature of the applicant or his representative and the date the application was signed.

¹ Commonhold and Leasehold Reform Act 2002, s.175.

² Leasehold Valuation Tribunals (Procedure)(England) Regulations 2003 (S.I. 2003 No.2099) reg.20(a).

³ Ibid.

⁴ Ibid. reg. 24

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The Lands Tribunal may be contacted at:

Procession House

55 Ludgate Hill

London

EC4M 7JW

Tel: 020 7029 9780 Fax: 020 7029 9781

E-mail: lands@dca.gsi.gov.uk

Residential Property Tribunal Service

June 2006

⁵ The Lands Tribunal Rules 1996 (S.I. 1996 1022) as amended.

⁶ Commonhold and Leasehold Reform Act 2002, s.175(6).

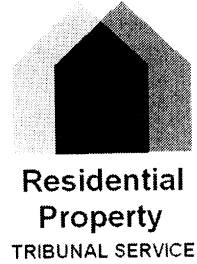
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DX: 134205 Tottenham Court Road 2



Maunder Tayor
1320 High Road
London
N20 9HP

Your Ref: BRMT/BHC

Our Ref: LON/ENF/1498/05

Date: 25 August 2006

Dear Sirs

**LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993
SECTION 24**

NOTIFICATION OF DECISION OF LEASEHOLD VALUATION TRIBUNAL

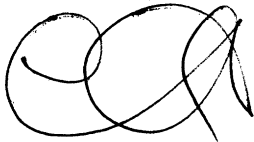
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Caroline Shields
Clerk to the Leasehold Valuation Tribunal

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June 2006

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**Residential
Property
TRIBUNAL SERVICE**

Wallace LLP
DX 82990 Mayfair

Your Ref: A15.D2372.441.gq

Our Ref: LON/ENF/1498/05

Date: 25 August 2006

Dear Sirs

**LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993
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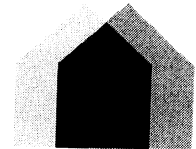
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**Residential
Property
TRIBUNAL SERVICE**

The Leasehold Advisory Service
2nd floor
31 Worship Street
London
EC2A 2DX

Our Ref.: LON/ENF/1498/05

Date: 25 August 2006

Dear Sir

**LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993:
SECTION 24**

NOTIFICATION OF DECISION OF LEASEHOLD VALUATION TRIBUNAL

RE: 9/16 Stamford Hill Mansions, Stamford Hill, London, N16 5TL

Please see the enclosed copy of the decision regarding the above address for your information.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Caroline Shields', written over the typed name.

**Caroline Shields
Case Officer**

**LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT
ASSESSMENT PANEL**

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON
APPLICATION UNDER SECTION 24 OF THE LEASEHOLD REFORM,
HOUSING AND URBAN DEVELOPMENT ACT 1993**

Premises: 9/16 Stamford Hill Mansions, Stamford Hill,
London, N16 5TL

Hearing date: Tuesday 15 August 2006

Inspection date: Wednesday 16 August 2006

**Applicant/
Nominee Purchaser:** Stamford Hill Mansions Residents Association

Represented by: *Traymans Solicitors
Mr. Bruce Maunder Taylor – Maunder Taylor*

Respondent: Daejan Properties Ltd.

Represented by: *Miss S. Bone – Wallace LLP Solicitors
Mr. Eric Shapiro – Moss Kaye Pembertons*

Members of the Leasehold Valuation Tribunal:

**Mrs. B. Hindley LLB
Miss M. Krisko BSc (Est Man) BA FRICS
Mr. P. Roberts DipArch RIBA**

Date of Tribunal's decision: 21 August 2006

1. This is an application under Section 24 of the Leasehold Reform, Housing and Urban Development Act 1993, to acquire the freehold of 9 –16 Stamford Hill Mansions, London N16.
2. Attached at Annex 1 and Annex 2 respectively are the valuations of Mr Maunder Taylor on behalf of the applicants @ £86,100 and Mr Shapiro on behalf of the respondents @ £99,142.
3. At the commencement of the hearing the Tribunal was informed that agreement on the following had been reached:-
 - (a) A valuation date of 25 April 2006
 - (b) That the capitalization yield rate should be 7.5% except for the geared rents on Flats 9,11, 12 and 14. On those geared rents there remained an issue
 - (c) That the long lease values were £237,500 per flat
 - (d) That the relative short lease values for marriage value purposes on Flats 10, 12A, 15 and 16 was 86%.
4. The Tribunal was informed that for Flats 9, 11, 12 and 14, which had rising (geared) ground rents, Mr Maunder Taylor advocated the use of 7.5% as the yield on both the term and the reversion, whilst Mr Shapiro proposed 7% for the term and 6% for the reversion.
5. Mr Maunder Taylor produced the results of two auctions relating to Tamar House, Tavistock Place, Bloomsbury, a block of 31 flats in a Grade 11 listed building on lower ground, ground and five upper floors. At the first auction on 3 June 2005 the block, with an income of £9,045. 36p per annum plus four vacant store rooms, and with 13 of the leases expiring in December 2050, and the rest expiring in December 2140, was sold for £416,000. By the time of the second sale, in July 2006, all the leases had been extended and, although still having a similar income and four vacant store rooms, it sold for £158,000.
6. Analysing these two transactions Mr Maunder Taylor concluded that they supported a deferment rate of 6.5%. However, considering the location of Stamford Hill Mansions to be significantly less well regarded he was of the opinion that a capitalization and deferment rate of 8% was appropriate for the subject property. Nevertheless, in an effort to achieve agreement with Mr Shapiro on the term rate for the short leases he had adjusted his preferred rate to 7.5%.
7. Mr Shapiro acknowledged the value of the market rent evidence provided but he analysed the known facts differently to achieve his preferred 7% and 6%. He was adamantly of the opinion that, in order adequately to reflect the hope value provided by the possibility of granting new leases, the term rate had to be different from the reversion rate.
8. Mr Maunder Taylor countered that it was not appropriate to adopt differential rates in the case of the subject property because of its age, character and location.
9. Mr Maunder Taylor found further support for his chosen 7.5%, for both the term and the reversion, from the Leasehold Valuation decision relating to 1 – 8 Carlton Mansions, Holmleigh Road, N16, located just around the corner from the subject property. In this case Mr Maunder Taylor's firm and Mr Shapiro had agreed 8.5% for both the term and the reversion but this had been reduced by the Tribunal to 7.5% properly to reflect the hope value.

10. Both Mr Maunder Taylor and Mr Shapiro made reference to the Arbib decision and agreed that it had been concerned with properties in areas very different from that of the subject.
11. Both of them also commented on various other issues raised in Arbib such as the cost of management, the scope of provided services, sinking fund provision and the collection of service charge costs. All of these they saw as factors which would be taken into account by any potential purchaser of the subject property,
12. However, Mr Maunder Taylor was persuaded that investors adopted an intuitive, broad brush approach to their decision whilst Mr Shapiro argued that detailed analysis was required which resulted in different considerations being applied to the income stream and the hope value provided by possible lease extensions.
13. On the morning following the hearing the Tribunal inspected the subject property externally. They found it to be set back, behind a low, litter strewn, hedged and grassed area, from Stamford Hill which is a main through traffic route linking the Stamford Hill shopping centre to the immediate north with the Stoke Newington shopping centre to the south. This particular part of the borough houses many members of the Jewish Charedi community and they have provided a number of specialised facilities. However, on the opposite side of the main road is a very large local authority estate.
14. Immediately outside the property was a prominent police notice appealing for witnesses to a recent attack on a youth by other youths and metal grills were much in evidence on the windows and doors of some of the flats in the subject block and adjacent properties.
15. The subject premises comprised half of a typical, detached, mansion block, circa 1900, of red brick and part pebble dash construction, arranged, without a lift, on four floors including a tiled mansard, and having mainly timber sash windows.
16. The eight subject flats enjoyed vehicular access at the front via a short, poorly paved and weed growing driveway. The rather mean front entrance doorway boasted an entry phone but no security.
17. There was also vehicular access to the rear of the block where a number of large, uncovered, paladin bins were sited.
18. The block and its immediate surroundings appeared unkempt and neglected. There was flaking and bare areas of paint to the timber windows, water staining from balconies to the brickwork, leaks to soil and waste pipes at the rear, exterior hung air conditioning fans at the front and the rear, open and exposed gas and electricity meters and much evidence of poor workmanship in the installation of additional flues and pipe work in the brickwork.
19. Overall the block appeared as poorly maintained and unattractive.
20. The Tribunal greatly appreciated Mr Maunder Taylor's efforts in providing some useful and pertinent market evidence and they, like Mr Shapiro, were content to rely on it despite the dangers, recognised at the hearing by both parties, of extrapolation from only one transaction.
21. However, the Tribunal was satisfied from their inspection that the subject property could not be considered as good an investment as Tamar House, given its location and the very evident current and future service charge difficulties likely to be experienced in a block requiring considerable immediate and future expenditure.

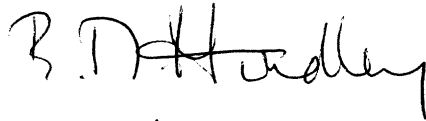
22. In the Tribunal's judgment the risks associated with a property such as the subject detracted significantly from its investment potential. The potential, the Tribunal considered, derived from the four flats with over 80 years remaining with good rising ground rents, and the four flats with leases under 64 years remaining on rising but low ground rents. The latter provided for potential capital receipts from lease extensions. But, with nothing except the ground rent guaranteed, and coupled with likely management problems, the Tribunal was persuaded that an overall yield of 7.5%, as proposed by Mr Maunder Taylor, properly reflected the market's perception of the investment potential.
23. Accordingly, the Tribunal determines the price to be paid for the freehold of 9 – 16 Stamford Hill Mansions, N.16, to be £86,332, as set out in their valuation attached at Annex 3.

Costs

24. Ms Bone requested that the question of costs should be adjourned because further costs were still to be incurred and those amounts were not yet known.
25. Mr Maunder Taylor objected to this course on the basis that after the Tribunal decision time was short for completion and pressure could be brought on the applicant to agree inflated costs. He pointed out that the transfer had already been agreed and further costs should be minimal.
26. The Tribunal, after a short discussion, announced that they considered that they had sufficient information to determine the reasonableness of the costs from the information presently available.
27. Ms Bone then explained the items set out in her costs schedule totalling, to 24 July 2006, £6,407.00p exclusive of VAT.
28. Mr Maunder Taylor referred the Tribunal to a letter from Traymans – solicitors, dated 10 August 2006 commenting on specific items.
29. The solicitors maintained that costs in connection with preparing and serving a counter notice were not included within Section 33. and that checking the second and third served notices should have taken only a few minutes rather than several hours.
30. They maintained that two transfers were not necessary and that the respondents had eventually conceded the inclusion of the garden and, indeed, the applicants' final amendments.
31. They further queried the various hourly rates charged as well as the hourly rates of two partners (£225 - £250, Ms Bone and £275 - £300, the conveyancing partner).
32. They considered reasonable £2,750 + VAT + disbursements + the agreed £2000 + VAT valuer's fee.
33. The Tribunal noted Ms Bone's explanation that she had been the Assistant dealing until 6 September 2004, when she had been made a partner, and that thereafter she had continued to deal but at partnership rates.
34. The Tribunal considered that all of the costs shown by Ms Bone were 'of and incidental' to questions arising out of the notices, but that there appeared to be some duplication of effort and some unnecessarily lengthy investigations given that the work was being done by a competent solicitor.

35. Accordingly, the Tribunal is of the opinion that some 5 hours at £200 per hour cannot be regarded as reasonable in all the circumstances.
36. Therefore, the Tribunal determines the costs to 24 July 2006 to be £5,407 + VAT and Land Registry fees + valuer's fees - a total of £8,883.23p.
37. With regard to future costs the parties have liberty to apply if these are not agreed.

Chairman



Date

21/8/06.

REVISED VALUATION AFTER FURTHER AGREEMENTS REACHED

Leases as set out in the Statement of Agreed Facts and Issues
All flat lessees participating
Valuation Date: 25 April 2006

FLATS 9, 11, 12 & 14			
Paragraph 2(1)(a): the value of the landlord(s) interest in the premises as determined in accordance with Paragraph 3			
<u>Income</u>			
Ground rent annually: £125 p.a. x 4		£500	
Capitalised at 7.5% p.a. for 19 years		9.959	
		£4,980	£4,980
Rising to: (1/500 x £237,500) x 4		£1,900	
Capitalised at 7.5% p.a. for 33 years	12.107		
Deferred 19 years at 7.5% p.a.	0.253069		
	3.0639	3.0639	
		£5,821	£5,821
Rising to: £500 p.a. x 4		£2,000	
Capitalised at 7.5% p.a. for 33 years	12.107		
Deferred 52 years at 7.5% p.a.	0.023268		
	0.28171	0.28171	
		£563	£563
<u>Prospect of Capital Gain</u>			
Calculated by reference to reversionary value: 4 x £237,500		£950,000	
Deferred 85 years at 7.5% p.a.		0.0021393	
		£2,032	£2,032
Paragraph 2(1)(b): the landlord(s) share @ 50% of the marriage value as determined in accordance with Paragraph 4.			
Over 80 years			£0
Paragraph 2(1)(c): compensation payable to the landlord under Paragraph 5.			
			£0
TOTAL PAYABLE carried forward			£13,396

Brought forward					
		FLATS 10, 12A, 15 & 16			£13,396
Paragraph 2(1)(a): the value of the landlord(s) interest in the premises as determined in accordance with Paragraph 3					
<u>Income</u>					
Ground rent annually: £33 + £60 + £60 + £60					
Capitalised at 7.5% p.a. for 32 years				£213	
				12.015	
				£2,559	£2,559
Rising to: £50 + £90 + £90 + £90				£320	
Capitalised at 7.5% p.a. for 31 years					
Deferred 32 years at 7.5% p.a.		11.917			
		0.0988392			
		1.17787	1.17787		
			£377		£377
<u>Prospect of Capital Gain</u>					
Calculated by reference to reversionary value: 4 x £237,500				£950,000	
Deferred 63.704 years at 7.5% p.a.				0.00998	
				£9,481	£9,481
Paragraph 2(1)(b): the landlord(s) share @ 50% of the marriage value as determined in accordance with Paragraph 4.					
Long lease values of 4 participating flats as above				£950,000	
Less					
Existing lease values at 86%				(£817,000)	
Value of landlord's current interest as above				(£12,417)	
Marriage value at real market prices in the Act world				£120,583	
50% marriage value					£60,292
Paragraph 2(1)(c): compensation payable to the landlord under Paragraph 5.					£0
TOTAL PAYABLE carried forward					
BUT SAY					
					£86,105
					£86,100

09/08/2006

9 - 16 Stamford Hill mansions, N.16

Valuation date:

25/04/2006

Flat 10INPUT INFORMATION

Lease **99 yrs from 25/12/1970** valuation date 25/04/2006
 Number of years unexpired Lease expires **24/12/2069**
 63.67

Number of years to review 25/03/2005 30/06/2038
 Rent passing £ 18.00 £ 32.18 33.00
 Capitalisation rates term 7.50% 7.50% 50.00
 reversion 6.00% 7.50%

Value of shares of freehold

£ 237,500

Value of existing leases

86.0%

£ 204,250

Value of Freehold current interest

Rent reserved £ 33.00
 YP to review 12.033 £ 397
 Reversion to £ 50.00
 YP to review 12.107
 x PV of £1 to 1st review 0.098 1.181 £ 59

Reversion to £ 237,500
 PV of £1 to reversion 0.02448 £ 5,815 £ 6,271 £ 210,521

Marriage value

£ 26,979

50%

Value of Freehold current interest

£ 13,489

£ 6,271

Price for freehold

£ 19,761

Flat 12AINPUT INFORMATION

Lease **99 yrs from 25/12/1970** valuation date 25/04/2006
 Number of years unexpired Lease expires **24/12/2069**
 63.67

Number of years to review 01/03/2036 24/12/2069
 Rent passing £ 29.851 33.815
 Capitalisation rates term 60.00 £ 90.00
 reversion 7.50% 7.50%

Value of shares of freehold

£ 237,500

Value of existing leases

86.0%

£ 204,250

Value of Freehold current interest

Rent reserved £ 60.00
 YP to 1st review 11.7939 £ 708
 Reversion to £ 90.00
 YP to 2nd review 12.178
 x PV of £1 to 1st review 0.115 1.4060 £ 127

Reversion to £ 237,500
 PV of £1 to reversion 0.02448 £ 5,815 £ 6,649 £ 210,899

Marriage value

£ 26,601

50%

Value of Freehold current interest

£ 13,300

£ 6,649

Price for freehold

£ 19,950

Flat 15**INPUT INFORMATION**

Lease **99 yrs from 25/12/1970** valuation date **25/04/2006**
 Number of years unexpired Lease expires **24/12/2069**
 63.67

Number of years to 1st review 30/06/2036
 Rent passing 30.182

Capitalisation rates term 7.50% 7.50%
 reversion 6.00%

Value of shares of freehold**£ 237,500****Value of existing leases**

86.0%

£ 204,250**Value of Freehold current interest**

Rent reserved

YP to 1st review

£ 60.00

11.7939 £ 708

Reversion to

YP to 2nd review

£ 90.00

x PV of £1 to 1st review

12.178

0.115

1.4060 £ 127

Reversion to

PV of £1 to reversion

£ 237,500

0.02448 £

5,815 £

6,649 £

£ 210,899**Marriage value****£ 26,601**

Value of Freehold current interest

50%

£ 13,300

£ 6,649**Price for freehold****£ 19,950****Flat 16****INPUT INFORMATION**

Lease **99 yrs from 25/12/1970** valuation date **25/04/2006**
 Number of years unexpired Lease expires **24/12/2069**
 63.67

Number of years to 1st review 30/06/2038
 Rent passing 32.181 33.00

Capitalisation rates term 7.50% 7.50%
 reversion 6.00%

Value of shares of freehold**£ 237,500****Value of existing leases**

86.0%

£ 204,250**Value of Freehold current interest**

Rent reserved

YP to 1st review

£ 60.00

12.033 £ 722

Reversion to

YP to 2nd review

£ 90.00

x PV of £1 to 1st review

12.107

0.098

1.1739 £ 106

Reversion to

PV of £1 to reversion

£ 237,500

0.02448 £

5,815 £

6,642 £

£ 210,892**Marriage value****£ 26,608**

Value of Freehold current interest

50%

£ 13,304

£ 6,642**Price for freehold****£ 19,946**

Flats 9, 11, 12 & 14**INPUT INFORMATION**

Leases	99 yrs from 25/12/1991	valuation date	25/04/2006
Number of years unexpired		Lease expires	24/12/2090
		84.665	
Number of years to 1st review		25/12/2024	
Rent passing	18.669	65.996	
Capitalisation rates	£ 125.00	£ 474.00	
	term 7.00%	7.00%	
	reversion 6.00%		
Value of shares of freehold		£ 237,500	

Value of Freehold current interest

Rent reserved	£ 125.00		
YP to 1st review		10.2462	£ 1,281
Reversion to	£ 474.00		
YP to 2nd review	14.121		
x PV of £1 to 1st review	0.283	3.9930	£ 1,893
Reversion to	£ 237,500		
PV of £1 to reversion		0.00720	£ 1,711
		£ 4,884	

4 flats

4

Price for freehold

£ 19,536**£ 99,142**

LVT VALUATION
FLATS 9-16 STAMFORD HILL MANSIONS, LONDON, N16 5TL

Valuation Date: 25th April 2006 (Agreed)

Long lease unimproved values: £237,500

Leases: 99 years from 25th December 1970 – Flats 10/12A/15/16
99 years from 25th December 1991 – Flats 9/11/12/14

Remaining terms: 63²/₃ years and 84²/₃ years
Rent reviews every 33 years

Relativity: 86% (Agreed)

Yield: 7.5%

Flats 9/11/12/14:

Term:

Ground Rent £125 p.a. x 4 £500 p.a. total	
YP 7.5% 18.67 years 9.875	£4938

Ground Rent $\frac{1}{500} \times £237,500 \times 4$ £1900 p.a. total	
YP 7.5% 33 years def. 18.67 years 3.136	£5958
Ground Rent £500 p.a. x 4 £2000 p.a. total	
YP 7.5% 33 years def. 51.67 years 0.31	£ 620

Reversion

£237,500 x 4 £950,000 total	
def. 7.5% 84.67 years 0.0022	<u>£2090</u>

Marriage Value	Nil
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Any other loss	Nil
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Premium	<u>£13,606</u>
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Flats 10/12A/15/16

Term:

Ground Rents - £33/£60/£60/£60 – Total £213 p.a.
YP 7.5% 30.67years 11.88

£ 2,530

Ground Rents - £50/90/£90/£90 – Total £320 p.a.
YP 7.5% 33 years def. 30.67 years 1.319

£ 422

Reversion

£237,500 x 4 £950,000 total
def. 63.67 years 7.5% 0.01

£ 9,500

£12,452

Marriage Value

Long lease value £950,000

Less

Landlord's current interest £ 12,452

Less

Current lease value 86% £817,000

£120,548

50% Marriage Value

£60,274

Any other loss

Nil

Premium

£72,726

Total Premium

£86,332