

LEASEHOLD VALUATION TRIBUNAL**LON/NL/1870/03****LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT
1993 (as amended)
SECTION 48**

Premises: 195a Wellmeadow Road Catford London SE6

Applicant: Mr Torun Sukumar Thomas De

Reversioner: Ms Michelle Kelynack

Tribunal: Mr L. W. G. Robson LLB(Hons) MCI Arb. (Chairman)
Mr D. Levene OBE MRICS
Mrs M.B. Colville

Appearances:

For the Applicant: The Applicant in person

For the Respondent: No appearance

DECISION AND REASONS**BACKGROUND**

1. The leaseholder, Mr De, served notice on 12th November 2002 to acquire a new lease under Section 42 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the 1993 Act"). The landlord's counternotice was dated 20th November 2002. The leaseholder applied to this tribunal on 21st February 2003 for a determination of the price payable and the terms of the new lease. As indicated below no matters have been agreed thus the Tribunal should also determine the landlord's legal and survey fees if required. A hearing was held on 20th May 2003 and the Tribunal inspected the property on the same day. Mr De gave oral evidence supported by a valuation made by Clarke Wilson, Chartered Surveyors.

AGREED MATTERS

2. The Reversioner has taken no part in the proceedings. Thus no matters have been agreed.

VALUATION DATE

3. As terms were not agreed previously the valuation date is determined by the Tribunal as the date of the hearing, 20th May 2003.

THE PROPERTY

4. Shortly described the property is a converted first floor flat in a two storey end of terrace building built in the late nineteenth century. The flat is approached via a communal hallway with an internal door to stairs leading to the first floor. The

construction is conventional; brick under a pitched tile roof. Wellmeadow Road is a mainly residential road close to the South Circular Road. The nearest station is Lee, approximately two kilometres to the north. The property is held on a lease for a term of 99 years from 29th September 1973 at a ground rent of £25 per annum for the first 33 years rising to £35 per annum and £45 per annum at 33 year intervals.

OUTLINE OF VALUATION ARGUMENTS

5. David J. Wilson FRICS AACI of Messrs Clarke Wilson in his report dated 8th May 2003 argued for a yield rate of 8% per annum, that the value of a new long leasehold interest was £135,000, that the value of the existing lease was £128,000 and that the proportion of the marriage value due to the landlord should be 50%. Their valuation (reproduced as Appendix A hereto) was £4,050.
6. In the absence of any submission from the Reversioner the Tribunal relied upon its own knowledge and experience when considering the Leaseholder's submissions.

YIELD

7. Mr Wilson relied generally upon other recent decisions of the Leasehold Valuation Tribunal in arriving at the figure of 8%.
8. The Tribunal notes that in this case the unexpired lease term is approximately 69 years at the valuation date given above. The acid test is what investors would currently pay in the market for the freehold interest (excluding any element of marriage value at this stage). On that basis a figure of 8% seems relatively generous to the landlord, and the Tribunal accepted it.

EXISTING LEASE VALUE

9. Mr Wilson arrived at a value for the existing leasehold interest of £130,000 which he derived from his understanding of the evidence that there had been an abortive sale of the interest at this figure in late 2002. To allow for tenant's improvements consisting of partial double glazing and installation of gas fired central heating, he deducted £2,000 to arrive at £128,000 excluding improvements. As indicated below, it transpired during the course of the hearing that his valuation had been based on a misunderstanding as to the interest which was being offered at this time.

LONG LEASE VALUE

10. From the starting point of his existing lease value, Mr Wilson arrived at a value for the proposed long lease by reference to the evidence of relativity. The only evidence he referred to in this respect was a decision of the Leasehold Valuation Tribunal in respect of a property in the Fulham area (LON/NL1391/01) where a relativity of 94% was accepted by the Tribunal to be applied to a lease having 71 years unexpired, relative to virtual freehold, and a further 2% was allowed to reflect that an extended lease only was being granted, giving a total relativity of 96%. Applied to his existing lease value of £128,000 he arrived at £135,000 for the extended lease value which he adopted in his valuation. (In fact the actual relativity produced in his calculation was 94.8%).

LEASEHOLD INTEREST - FURTHER EVIDENCE

11. Mr De in his evidence relating to the abortive sale stated that the price of £130,000 had been offered on the basis that the property had the benefit of an extended lease. On that basis, The Tribunal decided that Mr Wilson's valuation of the existing interest had been based on an incorrect assumption, and looked for further evidence of value. While Mr De is not a valuer, when asked, he considered that presently the property was worth £130,000 with the existing lease, and about £135,000 with an extended lease. This was not markedly inconsistent with the Tribunal's own knowledge and experience of values in this area and the Tribunal concluded that the value of the extended lease was the sum of £135,000 but excluding the value of tenant's improvements. This was the figure arrived at by Mr Wilson in his report, but as indicated above he arrived at it by a very different route and his starting point was in error.

EXISTING LEASE VALUE - TRIBUNAL'S DECISION

12. From the starting point of the extended lease value, the Tribunal approached the existing lease value by reference to relativity. The Tribunal considered that Mr Wilson's differential of 96% was too high. The case he relied upon related to a property in Fulham, a rather different location to Catford, and the figures there were themselves derived from another case, rather than market evidence. There seemed to be no close comparable evidence available. Based on the Tribunal's knowledge and experience it concluded that a differential of 92.5% was more consistent with the general tenor of differential values fixed by Leasehold Valuation Tribunals for similar properties with similar unexpired lease terms.

MARRIAGE VALUE

13. Mr Wilson adopted a conventional 50:50 split of the marriage value based on other recent decisions of the Tribunal. This Tribunal considered that there were no unusual circumstances requiring it to depart from the conventional figure.

TERMS OF NEW LEASE

14. In the absence of agreement the new lease is to be granted on substantially similar terms. In accordance with the provisions of the Act, the lease is to be for a further term of 90 years in addition to the existing term and is to be at a peppercorn rent. Mr De requested a variation to allocate liability for repair of the common path to the front door to the landlord. The existing lease fails to deal with the matter. While the request was an appropriate way of dealing with the problem, the matter had not been mentioned in the initial notice of claim. In the absence of the Reversioner the Tribunal was unwilling to grant the request. This decision does not preclude the landlord from agreeing to such a variation subsequently, if she so wishes. To ensure finality, either party may subsequently apply by letter for a determination if the terms of the lease cannot be agreed, and the matter shall be reserved to the members of this Tribunal.

REVERSIONER'S LEGAL AND SURVEY FEES

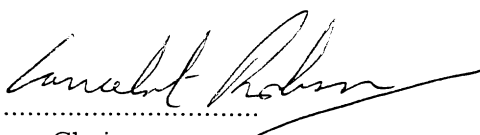
15. The Reversioner has not produced a valuation, therefore no surveyor's fee is payable. The Reversioner is entitled to payment of certain necessary solicitor's fees in

accordance with Section 60(1) of the Act. In the absence of agreement over those costs the parties may apply by letter for a further determination.

FINAL VALUATION AND DECISION

16. The Tribunal's valuation is attached as Appendix B. We decide that the yield rate is 8%, the long leasehold valuation is £135,000 excluding tenant's improvements, the value of the existing lease is £124,875 excluding tenant's improvements, and the marriage value attributable to the landlord is 50%, producing a final valuation of £5,600.
17. The attention of the parties is drawn to Sections 48(3) and 53 of the Act, which effectively requires the parties to complete the transaction within a specific period, otherwise the tenant's notice to extend the lease may be deemed as withdrawn.

Signed



Chairman

Dated

20th June 2003

VALUATION OF
Premium Required For a New Lease
Under Part One
Leasehold Reform, Housing and Urban Development Act 1993
(as Amended by the Housing Act 1996 and
Commonhold and Leasehold Reform Act 2002)

in Respect of Premises Located at

195a WELLMEADOW ROAD
CATFORD, SE6 1HR

PREPARED FOR

Mr TORUN (TOM) DE



CLARKE WILSON

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**Chartered
Surveyors**

11074GB.

8th May 2003

**Mr Torun De
195a Wellmeadow Road
CATFORD
SE6 1HR**

Dear Sirs:

**Re: Estimate of Premium Required for a New Lease
Premises Lovcated at 195a Wellmeadow Road, SE6 1HR**

In accordance with the instructions in your letter of 1st May 2003, we have inspected and prepared an estimate of the Premium required for a new lease under Part One of the Leasehold Reform, Housing and Urban Development Act 1993 (as amended by the Housing Act 1996 and Commonhold and Leasehold Reform Act 2002) in respect of the above premises.

Our Valuation is prepared in accordance with the Appraisal and Valuation Manual (the new "Red Book") issued by the Royal Institution of Chartered Surveyors and our "Conditions of Engagement" as set out in Appendix "A".

We rely upon the information provided by parties referred to in this report. Should any of this information prove to be incorrect it is possible that we may have to reconsider our opinion. The right is reserved to make adjustments to the valuation herein reported, as may be required by the consideration of additional or more reliable data that may become available subsequent to the completion of this report. Because market conditions, including economic, social and political factors, can change rapidly, and on occasion, without notice or warning, the estimate of open market value expressed herein, as of the effective date of this report, cannot necessarily be relied upon as of any other date without the subsequent advice of the Valuer.

SECTION ONE – LIMITATIONS AND ASSUMPTIONS

1.1 DATE AND EXTENT OF INSPECTION

The inspection by David J. Wilson, B.Sc., FRICS, AACI took place on 8th May 2003. The weather was cloudy with periodic sunny intervals. The temperature was approximately 14oC.

The property of which the subject is a part was inspected externally at the front from street level and at the rear from the rear garden. The interior of the subject flat premises was inspected limited only by furnishings and floor coverings contained within the premises.

CONFLICT OF INTEREST:

We are unaware of any conflict arising from our acceptance of your instructions..

1.2 BASIS OF VALUATION:

Our Valuation is given under the provisions of Part One of the Leasehold Reform, Housing and Urban Development Act 1993 (as amended by the Housing Act 1996 and the Commonhold and Leasehold Reform Act). This report therefore assumes that the tenant is qualified to exercise his rights under the Act.

Our valuation follows the provisions of Schedule 13 to the Act. As such, although the concept of Open Market Value has been utilized in deriving some of the component parts of the value process, due to statutory requirements, the actual value reported might not normally represent the Open Market Value of the premium that would be required in an open market process.

1.4 TAXATION AND COSTS:

In reporting the value of the required premium, no allowance has been made for (unless otherwise stated)

- a) VAT, Capital gains or income Tax
- b) Realisation and/or acquisition costs including stamp duty
- c) The cost of borrowing or other encumbrances.

1.3 SPECIAL CONDITIONS:

No formal building survey has been made of the premises, nor have we inspected woodwork or other parts of the structure that were covered, unexposed or inaccessible.

For the purposes of this report, we have assumed the following:

- a) That a good freehold title can be shown and the property is not subject to any unusual or onerous restrictions, encumbrances or outgoings.
- b) That the property is unaffected by any Statutory Notice and neither the property, its use or intended use, gives rise to a contravention of Statutory requirements.
- c) That the property is free from dry rot, woodworm and latent defects, and that no deleterious materials have been used in the construction of the property and that the land is free from environmental contamination.

This report is confidential to the Client for the specific purpose to which it refers. It may be disclosed to other professional advisors assisting the Client or other parties in this matter, but the client shall not disclose the report to any other person without the prior approval of Clarke Wilson in writing.

1.4 EXCLUDED PREMISES:

We are unaware of any premises or parts of the property that may be excluded from the lessee's rights to enfranchise by virtue of Section 4, other than that shown on the attached plan or described herein.

1.6 ACQUISITION OF LEASEHOLD INTEREST:

Section 2 of the Act provides that where rights to a collective enfranchisement are exercised; it should include all other intermediate interests. The requirement in this instance is for a lease extension. We are unaware of any other such interests arising in this case.

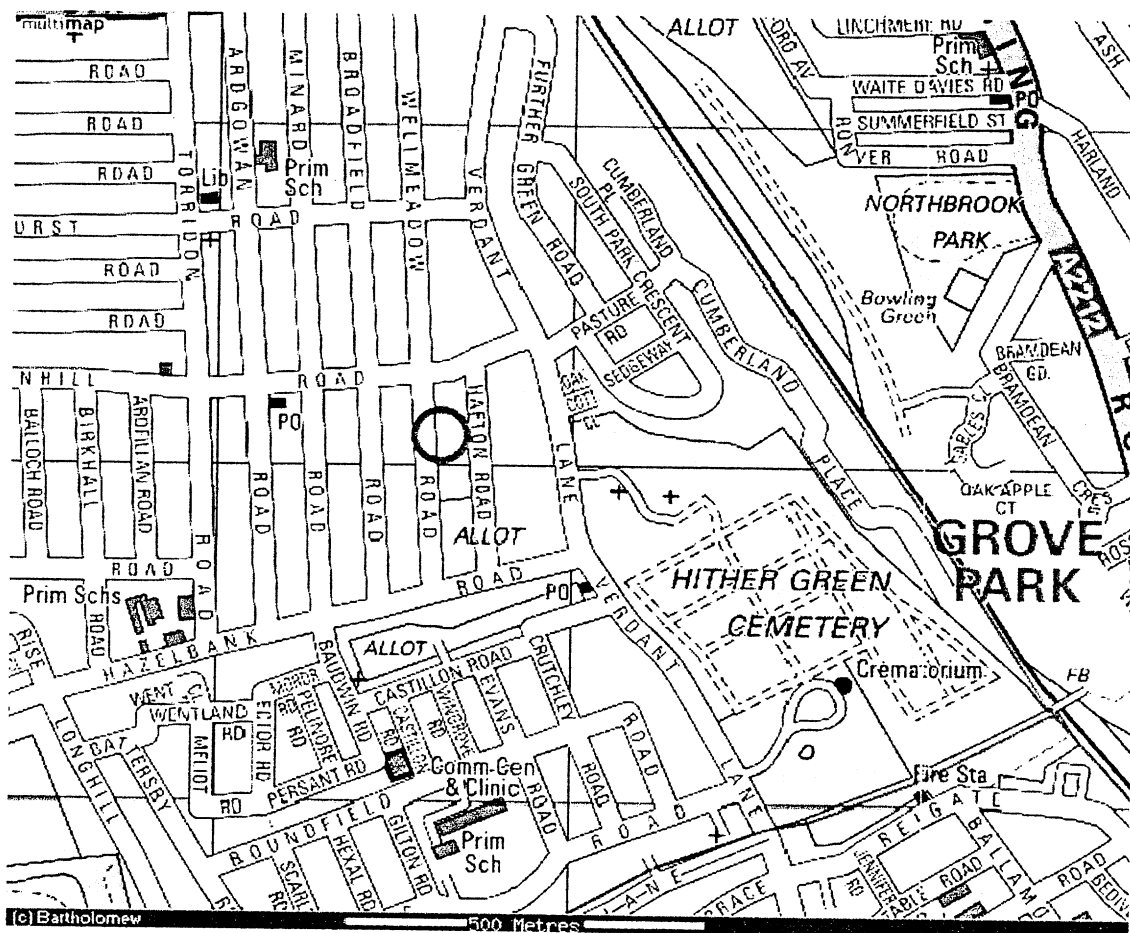
1.5 TENURE:

We have been provided with a copy of the lease, details of which are summarized below and a copy attached in the Addendum:

Property:	195a Wellmeadow Road, London, SE6
Term:	99 years as from 29 th September 1973 (having effectively 69.5 years unexpired as of the date of this report).
Ground Rent:	£25 per annum first 33 years, £35 per annum next 33 years, £45 per annum for balance of the term.

SECTION TWO – THE PROPERTY

2.1 LOCATION



Neighbourhood Map

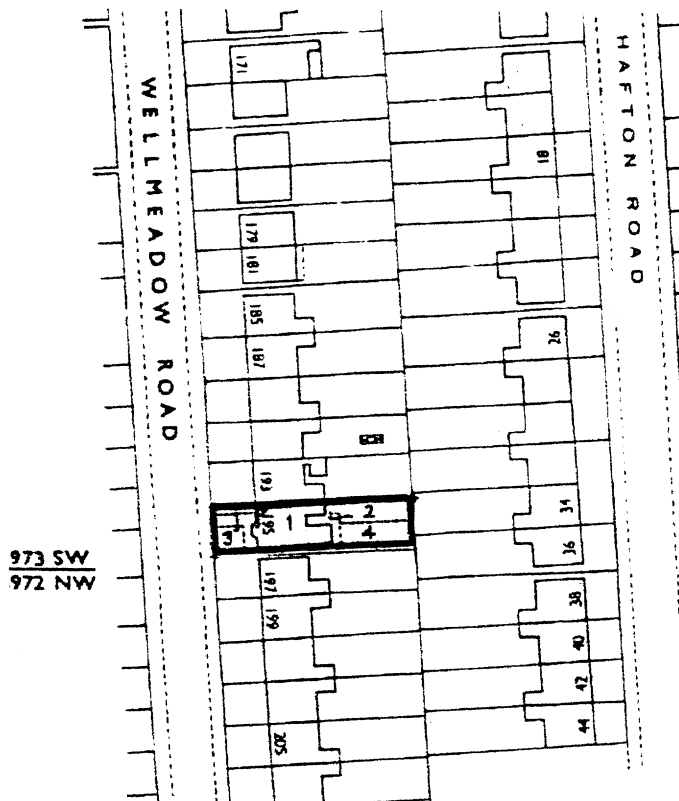
The property is located within the Catford area of the London Borough of Lewisham and more particularly situated on the east side of Wellmeadow Road, just north of Hazelbank Road.

The area is one of typically Victorian and Edwardian era housing much of which has been converted into flats along with infill development mostly of a modern flat nature.

Public transportation, by bus, is readily available along Torridon Road just to the west and the South Circular to the north. The nearest "British Rail" station is Lee approximately 2km to the north.

Local shopping facilities are close by but Catford town centre is within easy reach.

2.2 SITE DESCRIPTION:



The property of which the subject is a part comprises an essentially rectangular shaped parcel with frontage onto Wellmeadow Road of approximately 8.5m (27 feet 6 inches) and a site depth of approximately 33.5m (110 feet). Based on these dimensions, the site area is approximately 281m² (3,025 square feet).

From the site plan set out opposite and a review of the lease, it would appear that the subject flat has benefit of exclusive rights (areas 3 and 4) over half the front yard and half the rear garden with mutual easements serving these areas.

The site is essentially level in common with surrounding properties and no unusual environmental conditions were observed.

A full range of municipal services are available to the subject property including water, electricity, gas, telephone, cable and sewers.

2.3 BUILDING DESCRIPTION:

The subject property comprises the first floor flat within a two storey end-terrace building dating from the late 19th Century. Construction of the property of which the subject is a part is of solid brick under a timber framed tile clad pitched roof with single storey rear extensions having a mono-pitch tile roof.

The subject flat is located on the first floor of the property and approached via a communal hallway with a door leading to stairs to the first floor.

Accommodation comprises:

Hallway leading to

Living Room measuring 4.15m (13 feet 8 inches) by 3.45m (11 feet 4 inches) + bay

Kitchen measuring 3.15m (10 feet 4 inches) by 2.5m (8 feet 3 inches)
Bathroom with tub/shower, WC and whb.
Bedroom One measuring 4.15m (13 feet 8 inches) by 3.05m (10 feet)
Bedroom Two measuring 2.95m (9 feet 8 inches) by 2.7m (8 feet 10 inches)
Overall the flat unit extends to approximately 56m² (600 square feet).

Access to the rear garden is via a passageway from the front garden. The front garden accommodates a concreted parking space for use of the subject flat.

When taken, measurements are made in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors, but must nevertheless be regarded as approximate.

2.4 PARKING:

As mentioned the subject flat has use of a single off street parking space although adequate street parking is available

2.5 SERVICES:

The premises are connected to all main services and are centrally-heated by a gas fired system serving radiators in all major rooms.

2.6 FURNITURE FIXTURES AND EQUIPMENT:

This report addresses the value of the property only. Any contributory value of F.F. & E would be included only to the extent that such items contribute to the normal operation of the property, and are not separable as such. No list of F.F. & E or other chattel property was supplied to the valuers

2.7 REPAIR:

For the purposes of preparing this Valuation we have not carried out a full Building Survey of the property. However, from a review of the lease documentation, the lessees have a joint and several responsibility to comply with repairing covenants and for the purpose of this report, the valuation is based on the premises being in good tenantable condition.

However, we have noted that the tenant has installed partial double glazing and full gas-fired central heating. For the purpose of this report, we have ignored any contributable value to the property made by those elements.

2.8 ENVIRONMENTAL ISSUES:

Unless otherwise stated in this report, the existence of any hazardous material, which may or may not be present on the property, was not observed nor was there any knowledge of such materials on site. However, Valuers are not qualified to detect such substances. The presence of substances such as asbestos or other potentially hazardous materials may affect the value of the property. The value estimate herein is predicated on the assumption that there is no such material on or within the property that would cause a loss in value. No responsibility is assumed for any such condition or for any expertise or engineering knowledge required to discover them. The client is advised to retain an expert in this field, if desired.

2.9 RATING & TOWN PLANNING:

General inquiries or opinions only may be made in respect of Rating Assessments and contingent liabilities such as road widening, road charges, redevelopment proposals, etc., and the possible effect of town planning restrictions. Local searches are not usually made or previous Search documents inspected unless provided.

It is assumed that the building is constructed and used in accordance with valid Town Planning Consents and Building Regulation Approvals to the full satisfaction of the Local Authority and that there is no outstanding Statutory or other Notices in connection with the property for its present or intended use.

Details regarding planning permission should be confirmed with the relevant local authority, the London Borough of Lewisham. It is assumed that the authorized use of the property is for residential uses.

SECTION THREE - VALUATION:

3.1 SALE HISTORY:

The subject property appears to have been in the same ownership for the past few years although we are informed that the tenant had placed the property on the market in late 2002 and secured an offer of £130,000.

3.2 VALUATION ANALYSIS:

In arriving at our opinion of the current value of the subject premises, having an unexpired term of 69 years at a ground rent of £25 per annum (but rising to £35 per annum in three years), we have taken into account comparable transactions within the immediately vicinity of the subject.

However, most emphasis has been placed on the fact that the property was on the market in late 2002 and that an offer was accepted at a figure of £130,000. This sale did not subsequently proceed. However, this value includes tenant improvements, namely partial double glazing and gas-fired central heating, for which we have allowed £2,000 for a net value, "as is" of £128,000.

In determining the premium to be granted as a condition of the proposed new lease we have taken note of the fact that in LON/NL/1391/01 the Leasehold Valuation Tribunal, when dealing with a 72 year lease, adopted a relative value of 94% (i.e. a six per cent differential) based on various decisions of leases of 70 to 73 years duration. This was based on the then accepted principle that there was marriage value for lease in excess of 80 years, a presumption that is now invalid due to the provisions of the Commonhold and Leasehold Enfranchisement Act 2002 where marriage value is eliminated for leases in excess of 80 years. Hence the differential to be applied for the calculation of marriage value is one of 11 years. Reference to established tables for the differential of 11 years prior to this change (i.e. 89 years) indicated a 5% differential.

However, it is noted that in this decision, the Tribunal reduced the differential to 4% as the case related to a leasehold extension rather than enfranchisement, as the freehold reversion is still considered to have value. As such we have adopted a 4% differential to establish a price of £135,000 with the proposed extended lease.

A yield of 8% has been adopted, in line with other recent decisions of the LVT and similarly the marriage value arising has been split 50:50 on the normally accepted basis for leases of this length.

3.3 VALUATION ANALYSIS:

1. Valuation of Freeholder's Present Reversionary Interest in Premises

Ground rent income (first 33 years)	£25 per year	
Year's purchase at 8% for 3 years	2.5771	£ 64
Ground rent income (next 33 years)	£35 per year	
Year's purchase for 33 years @ 8% deferred 3 yrs	9.14	£ 320
Ground rent income (total)	£45 per year	
Year's purchase for 33 years @ 75% deferred 36 yrs	0.72	£ 32
TOTAL		£ 416
Landlord's Reversionary Interest		
195a Wellmeadow (with assumed new 99 year lease)	£135,000	
Reversionary interest to freeholder in 69 years @ 8% (0.0049404)		£ 667
Total Value of Freeholder's Reversionary interest		£ 1,083

2. Valuation of Freeholder's Proposed Reversionary Interest in Premises

Ground rent income	£0 per year	
Year's purchase at a factor of 12.5		£ 0
Landlord's Reversionary Interest		
Flat with new 153 year lease (unexpired term + 90 years)	£135,000	
Reversionary interest to freeholder in 153 years @ 7.5% (0.0000)		£ 0
Total Value of Freeholder's Reversionary interest		£ 0

DIFFERENCE BETWEEN RESPECTIVE INTERESTS (i) £ 1,083

3. Calculation of Freeholder's Share of Marriage Value

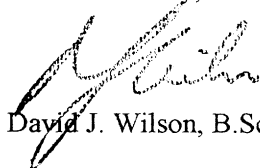
(a)	Value of Lease assuming an extension of lease =	£135,000
(b)	Value of existing 69 year lease (ignoring tenant improvements)	£128,000
(c)	Present Freeholder's interest ((1) above)	£ 1,083
(d)	<u>Marriage Value</u> a-(b+c)	£ 5,917
LANDLORD'S SHARE (@ 50%) (ii)		£ 2958.50
Required premium for extension of Lease (under the Leasehold Reform Housing and Urban Development Act, 1993) (i + ii)		£ 4,041.50
ROUNDED TO		£ 4,050.00

**IT SHOULD BE SPECIFICALLY NOTED THAT THIS IS NOT A REPORT ON THE
CONDITION OF THE PROPERTY. IT IS A VALUATION MADE FOR THE STATED PURPOSE.**

The attached Appendices A and B should be read in conjunction with the Report. The partnership of Clarke Wilson has been established for 19 years carrying out valuations throughout the UK and internationally in Europe, the Americas and Asia. We confirm that the property was inspected the undersigned chartered surveyor who has no interest (as defined in Practice Statement 5.3 of the Red Book) in the property other than the valuation and is not disqualified from reporting on the property and furthermore has the relevant experience and knowledge of valuing the type of property the subject of this report.

We trust that the above is suitable for your purposes, but if you require any further information, or have any questions, please contact us.

Yours faithfully,



David J. Wilson, B.Sc., FRICS, AACI



Front View of the Property of Which Subject is a Part

APPENDIX A**CONDITIONS OF ENGAGEMENT**

This Valuation and Report has been prepared for your personal use.

No responsibility is undertaken or accepted to any third party in respect of any information or advice contained in our Report.

Neither the whole nor any part of our Report or Valuation nor any reference thereto may be included in any published document, circular or statement, or published in any way without our written approval which may specify the form and context in which it might appear.

Our Valuation is provided on the facts in relation to title and encumbrances as may be provided by yourselves and your solicitors.

In the absence of Local Lands Search being made available to us, informal enquiries only have been made to the Local Authority and Central Government Departments, as appropriate, and our advice has taken into account the information revealed as a result of such enquiries.

It is assumed the property has, if appropriate, a relevant Fire Certificate, that it complies with the requirements under the Shops, Offices & Railway Premises Act and Factory Acts as far as they are applicable. In addition, we assume that the property is not affected by any outstanding Statutory Notice or other Contractual Notice which might restrict the use or affect value.

The property was inspected in accordance with your instructions a Structural Survey was not carried out nor inspections of woodwork or other parts of the structure which were covered, unexposed or inaccessible. The various services were not tested. It is not therefore possible to report that any such part of the property is free from defect.

No investigation was carried out to determine whether or not High Alumina Cement Concrete or Calcium Chloride additive or any other deleterious material or permanent wood wool shuttering have been used in the construction of the property. It is not possible therefore to report that the property is free from risk in this respect.

No tests or site investigations as to the presence in or on the property of any substances (including living organisms) that might cause harm to man or any other living organisms ("harm" being as defined in cl(4) of the Environmental Protection Act 1990) were carried out. For the purpose of the valuation it is assumed that no such materials or substances are, or might be, present.

No soil tests or other investigations are carried out and therefore it is not possible to offer any opinion as to the suitability of the site for the existing buildings, or as to the existence or likelihood of any contamination. For the purpose of the valuation, however, it is assumed that there are no problems in this respect.

Capital values quoted are not appropriate for insurance purposes which should be calculated on a reinstatement or indemnity basis. The valuation does not take into account any expense which would be incurred in realisation nor any possible tax liabilities including Capital Gains Tax and Value Added Tax.

Reinstatement value for insurance purposes is our opinion of the likely cost of reinstating all the buildings on the following basis:-

That the accommodation provided will be similar in construction, design and area to the existing buildings.

Reinstatement will be in compliance with the conditions imposed by Local Authorities in connection with the construction of the building.

In arriving at the reinstatement value for insurance purposes an allowance has been made to cover the cost of necessary demolition prior to rebuilding.

The reinstatement cost does not include any allowance for:

- i) any loss of rent incurred during rebuilding
- ii) planning restrictions that the Planning Authority might impose
- iii) special foundations, drains and sewers, yard surfaces, private roadways, hardstanding, boundary walls and fences
- iv) all plant, machinery, equipment, tanks, fixtures and fittings, loose tools, office furniture and equipment
- v) any effect of inflation on building costs occurring after the date of valuation

Professional fees which would normally be incurred in connection with the rebuilding operations are included.

In the event of a building being destroyed either wholly or partially, the reconstruction may attract a VAT charge. This liability has not been reflected in the valuation and you are advised to discuss this matter with your Insurance Brokers.

Our valuation does not take into account any rights, obligations or liabilities whether prospective or accrued under the Defective Premises Act 1972.

The Environmental Protection Act 1990 requires local authorities to establish Contaminated Land Registers. No investigation as to whether the site is or has been in the past contaminated or whether it is on such a register has been undertaken, and your legal advisers should investigate whether the subject property is on the register before you enter into any legal commitment involving the property. Our valuation is on the assumption that the land is not contaminated and is not on the register.

Our report is for the use only of the party to whom it is addressed and should only be used within the context of the instructions under which it is prepared. It may be disclosed to other Professional Advisers assisting in respect of that purpose. No responsibility is accepted for any use by any party of the whole or any part of the report for a purpose not disclosed to us prior to the report being made available to the client.

Neither the whole nor any part of our valuation or report or any reference thereto may be included in any published document, circular or statement or published in any way without written approval of Clarke Wilson of the form and context in which it may appear.

This valuation may not be used for any purpose unless the agreed fee has been paid. Settlement of Fee Account is due on receipt of Report or Valuation.

If this valuation is to be used for the purpose of a loan our approval must first be sought.

CLARKE WILSON
Chartered Surveyors

APPENDIX B**Market Value (MV)**

'the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

Implicit in this definition is the assumption that no account is taken of any additional bid by a prospective purchaser with a special interest.

APPENDIX B

LEASEHOLD VALUATION TRIBUNAL

LON/NL/1870/03

195A WELLMEADOW ROAD CATFORD LONDON SE6

LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993

VALUATION OF THE LEASEHOLD VALUATION TRIBUNAL

valuation date 20 May 2003

A Freeholders present interest

Existing ground rent	£25	
YP 3yrs @ 8%	<u>2.5771</u>	£64
Reversion to	£35	
YP 33yrs 8% 11.5139		
defer 3yrs 0.7938	<u>9.14</u>	£320
Reversion to	£45	
YP 33yrs 8% 11.5139		
defer 36yrs 0.06262	<u>0.72</u>	£32
Reversion to long lease value of flat	£135,000	
defer 69yrs 8%	<u>0.0049404</u>	<u>£667</u>
Total present interest		£1,083

B Marriage Value

B1 Proposed Leasehold interest (159yrs at "peppercorn" rent £135,000

Proposed Freehold interest Nil

Total Proposed interests £135,000

B2 Existing Leasehold interest (69yrs) at relatively to long lease value of 92.50% £124,875

Existing freehold value as above £1,083

Total Existing interests £125,958

B3 Marriage Value £9,042

B4 Landlords share 50% £4,521

C Other Compensation NIL

D Premium to be paid £5,604
say £5,600