

RESIDENTIAL PROPERTY TRIBUNAL SERVICE

LEASEHOLD VALUATION TRIBUNAL

LEASEHOLD REFORM, HOUSING & URBAN DEVELOPMENT ACT 1993: SECTION 48

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL

Case No: CHI/43UF/OLR/2004/0043

Property: 66 Courtlands Crescent
Banstead
Surrey
SM7 2PJ

Applicant: Miss C M Allen

Respondent: Premier Properties (London) Ltd

Date of Application: 26 July 2004

Directions issued: 30 July 2004

Hearing: 17 November 2004

Members of the Tribunal: Mr P B Langford MA LLB (Chairman)
Mr B H R Simms FRICS MCI Arb
Mr J N Cleverton FRICS

Date decision issued: 23 December 2004

66 COURTLANDS CRESCENT, BANSTEAD, SURREY

1. The Application

This is an application by the Lessee of 66 Courtlands Crescent, Miss C M Allen, under Section 48 Leasehold Reform, Housing and Urban Development Act 1993 (“the 1993 Act”) to determine the price to be paid by the Applicant to the Respondent Freeholders, Premier Properties (London) Ltd on the acquisition of a new lease in accordance with the provisions of Section 56 and Schedule 13 of the 1993 Act. The Applicant had in her notice of claim made a proposal to pay a premium of £11,500 for the grant of a new lease and the Landlords by their counter notice did not accept that proposal but instead made a counter proposal that the premium should be £22,500.

2. Inspection

We attended at the property on 17 November 2004 and inspected it in the presence of the tenant’s agent and Mr R D Nelson FRICS. The Respondents were not represented at this inspection. The property is a ground floor flat in a small two-storey purpose built development dating from about 1960. The block is constructed with solid brick elevations beneath a pitched timber and tile clad roof. The accommodation consists of two bedrooms, a living room, kitchen, bathroom and separate wc. We noted, what had been agreed between the parties as, tenant’s improvements, namely central heating, replacing the previous warm air system, an enlargement to the lounge following the removal of the original heating cupboard; a re-fitted kitchen and the wc being incorporated into the bathroom, with a shower cubicle replacing the bath; the replacement of internal doors with fixed glass safety panel type doors; and UPVC double glazing. The property was located in a good residential area close to the centre of Banstead village with its various amenities.

3. The Hearing

At the hearing which followed immediately after the inspection, the Applicant was represented by Mr R D Nelson FRICS. The Respondents were represented by Mr Lawrence Nesbitt BSc (Hons) FRICS MCI Arb of Messrs Nesbitt & Mire.

4. **The Case for the Applicant**

Mr Nelson had prepared a written report dated 11 November 2004, which was seen at the Tribunal Office on Monday 15 November 2004, two days prior to the hearing. Mr Nelson proceeded to go through his report, which began with giving details of his qualifications and experience.

5. When the Chairman referred to the delay in providing his report (the parties had been ordered to exchange Valuers' Reports by 23 August 2004), Mr Nelson explained that this was due to holiday commitments already notified to the Tribunal and his wish to include evidence about a transaction which was only completed in November 2004, relating to 92 Courtlands Crescent.

6. Mr Nelson had appended to his report a "Statement of Agreed Facts and Issues". This report had never been signed by Mr Nesbitt. Mr Nelson said that, in view of the recent evidence he had received, he wished to resile from his contention that the relative value of the flat with its existing lease compared with the long lease value after extension should be 85%. He now thought that the figure should be 87½%. That relativity would be explained in his evidence.

7. Mr Nelson made a general point, namely that Lands Tribunal and Leasehold Valuation Tribunal decisions indicated a preference for local open market evidence, where that was available, to other Tribunal decisions. His evidence was based on local open market evidence.

8. The second general point he made was in relation to the assumption required to be made under Section 4A(1)(b) of Schedule 13 to the 1993 Act. This required the value of the tenant's interest to be assessed on the assumption that the provisions of the 1993 Act "confer no right to acquire any interest in any premises containing the tenant's flat or to acquire any new lease". In other words the valuation of the freeholder's interest has to take place in the "no 1993 Act world". In relation to that assumption, Mr Nelson gave a number of reasons why this assumption should in the present case have no impact on the valuation. He asserted that there was a strong presumption against an "over-bid" on any particular purchase because "of unknown

changes in personal circumstances and property market during the mandatory two-year qualification period”. Secondly he contended that there should be a strong presumption against an over-bid because of the level of costs and fees, including the other side’s costs in negotiation, whether or not this is via notice under the Act; “this would typically be in the order of £3,000 inclusive. There would be a further say £2,000 including own professional costs in taking the matter to the Tribunal. The level of premium would be unknown and this would in my opinion outweigh the benefit of the lease extension as appreciated at the time of purchase”. Thirdly he asserted that the element of over-bid for the benefit of rights under the 1993 Act must first be separately identified and quantified before being disregarded. In his investigation of the actual market evidence, he had been unable to find any proof that this particular over-bid had been the case. He went on to say that any increase in price over what would otherwise be possible elsewhere would be due to local factors of supply and demand. In this context he said that there was a strong demand from older people in Banstead who were not as concerned as normal about relatively short leases. He maintained that another source of demand from cash purchasers would be due to marriage break up where former partners sought smaller easily maintained accommodation in a relatively prosperous, high value area. He said that the only time in his experience when a purchase price could be said to be influenced by the right to extend under the Act would be occasions where the benefit of a Section 42 notice to extend was transferred with the sale of the leasehold interest. He referred to the Lands Tribunal decision in *Daejan Properties –v- Weeks & Others* (1998) 36EG 146. Mr Nelson said that the Lands Tribunal acknowledged the existence of the “no 1993 Act world” in that enfranchisement case but, neither surveyor having put forward evidence in support, the appeal was dismissed.

9. Mr Nelson then went on deal with his “comparables”. 68 Courtlands Crescent, (first floor above the subject flat) had been sold in October 2002 for £145,000. There were no improvements to disregard and he understood that the property needed much work to be done to it. The purchaser had not served a notice to extend the lease. This flat was almost identical in size to 66 Courtlands Crescent. He adjusted this sale price slightly to £146,500 to reflect the assumption that the tenant had to repair and decorate. He then went on to deal with 66 Courtlands Crescent (the subject property) which had been valued by the District Valuer for inheritance tax on

the death of the Applicant's mother as at 14 December 2002 at £150,000. He adjusted that price downwards to £147,500 to reflect the fact that he was obliged to disregard improvements effected by the tenant. He then considered 84 Courtlands Crescent, (a first floor flat), which had been sold in October 2004 for £190,000. This flat had its original kitchen, bathroom, warm air heating system and original glazing. Consequently he had not adjusted the sale price for his valuation. Finally he referred to 92 Courtlands Crescent where he had been informed by Frosts Estate Agents that contracts had just been exchanged for the sale at £200,000. He said that this price would include an additional amount for improvements and would generally support the figure of 84 Courtlands Crescent in an unimproved condition. Mr Nelson then referred to 27 Courtlands Crescent where the lessee, with a one-quarter share of the freehold, sold the property for £245,000. This property had its own garden. Mr Nelson said that he disregarded this property because the lease was not itself marketed and therefore the price was well below what would otherwise have been expected. Mr Nelson had then prepared a graph to show the growth in value of properties at Courtlands Crescent and he calculated that, assuming a constant growth during the 24-month period between October 2002 and October 2004, the rate of growth was at 14% per annum compound. Then, adopting the agreed valuation date of 15 January 2004, he adjusted the values upwards for those transactions occurring before 15 January 2004 and then adjusted the values downwards for transactions effected after 15 January 2004 at the calculated 14% p.a. rate. This led him to conclude that the value of the unextended lease ("the short lease") would be £166,250. He then relied on what had been provisionally agreed with Mr Nesbitt as the market value of the extended lease under the 1993 Act ("the long lease") at £190,000. £166,250 represented 87½% of that figure.

10. **The Case for the Landlords**

Mr Nesbitt's professional qualifications and experience were set out in his report. He opened his case by saying that he wanted to amend certain aspects of his original report which was dated 9 September 2004 and had been lodged with the Tribunal on 4 November 2004. He had seen Mr Nelson's report on the evening of Friday 12 November, which included details of the sale of 92 Courtlands Crescent. He also noted the various arguments which Mr Nelson had adduced in support of the

proposition that there should be no discount from the value of the “short lease” because, the rights conferred by the 1993 Act had to be disregarded. Having now had an opportunity to consider Mr Nelson’s evidence, he wished to resile from his earlier provisional agreement that the value of the property with the “long lease” should be £190,000. He now put that figure at £200,000. He confirmed his agreement to a yield of 9% being adopted and to the valuation date being taken at 15 January 2004. Thus the lease had 55 years and 5 months (55.44 years) unexpired.

11. Mr Nesbitt in his original report had argued for a relativity of 80%. He continued to argue that relativity before us but he had now adopted a different route for arriving at that percentage figure. In his report he had relied on five Tribunal decisions. Before us he based his argument upon the local market evidence which Mr Nelson had placed before us. His “Analysis of Comparable Transactions” is attached as Schedule 1.

12. In looking at the value of the “short lease” comparables, Mr Nesbitt accepted the sale price figures supplied by Mr Nelson i.e., £145,000 for 68 Courtlands Crescent, £150,000 for 66 Courtlands Crescent (District Valuer’s valuation, not sale) and £190,000 for 84 Courtlands Crescent. He further accepted the adjustment for improvements (double glazing = £2,500) in respect of 66 Courtlands Crescent, thereby reducing the value of that property to £147,500. He then argued that there should be a deduction of 5% for the 1993 Act rights, which had to be disregarded in the valuation. He did this by having regard to LVT decisions which he had read on the internet. He produced a summary of those decisions and this is attached as Schedule 2. As will be seen from this schedule, the deductions range between 5% and 20%. In the matter of “term unexpired”, 6 Trinity Church Square SE1 is the closest comparable with 54 years unexpired. There the Tribunal fixed a deduction of 10%. 34-36 Maida Vale, W9 had 48 years unexpired and there the Tribunal fixed a deduction of 7.5%. 63/65 Hamilton Terrace NW8, had 49.6 years unexpired and there the Tribunal fixed a deduction of 10%. It was clear from the schedule that some of the decisions were inconsistent with one another. Thus 7 Clunie House SW1 had 43 years term unexpired but there the deduction allowed was only 5%. 31 Lennox Gardens SW1, with only 14 years remaining, had led the Tribunal to make a deduction of only 20%. Mr Nesbitt accepted some inconsistency in the figures but,

inviting the Tribunal to make a deduction of 5%, he said he was putting his proposed deduction at the bottom of the scale.

13. By applying a deduction of 5%, the figures for 68 Courtlands Crescent, 66 Courtlands Crescent and 84 Courtlands Crescent were decreased to £137,750, £140,125 and £180,500 respectively. He had then adjusted those figures to the valuation date by taking a figure of 14% over the 2 year period postulated by Mr Nelson. He had misinterpreted Mr Nelson's evidence and taken an increase of 14% over the whole 2 year period, instead of the 14% p.a. compounded which he now realised he should have taken. However it was obvious that the effect of applying a compounded rate would not materially alter his conclusion that the value of the short lease for comparison purposes, which he calculated on the basis of these three comparables at £157,077 would still be of the order of £160,000, which was the figure he was putting forward as the value of the short lease of 66 Courtlands Crescent.

14. With regard to the long lease comparables shown on Schedule 1, Mr Nesbitt said that he accepted the sale price of the leasehold property to have been £200,000 but, after checking with the Landlord's Solicitors, he had found out that prior to 92 Courtlands Crescent being sold, the then owners, Michael Lawrence Gosling and David Hugh Gosling had lodged a notice of claim under Section 42 of the 1993 Act for an extension of the lease, which was dated 4 August 2004. The then owners had proposed the payment of a premium of £19,824 for the grant of a new lease under the 1993 Act. The sale had then been completed and the new leaseholder, Mr Walter James Sullivan, had agreed to the Landlord's counter proposal that the premium should be £23,750. Mr Nesbitt therefore contended that the value of the "long lease" of 92 Courtlands Crescent was represented by adding the sale price of £200,000 to the premium of £23,750, to make an aggregate figure of £223,750. Then he accepted that there should be an adjustment of £10,000 for improvements, as proposed by Mr Nelson, and the resulting price of £213,750 should be adjusted by 5.25% to take the price back to the assumed price at the valuation date in January 2004. He therefore arrived at a figure of £203,088 as the value for comparison purposes. He also considered 27 Courtlands Crescent as a long lease comparable and his calculations for that property are shown on Schedule 1, where he arrived at a value for comparison purposes of £207,880. That left him with an average figure for comparison purposes

of £205,484. By comparing the value of the short lease, £157,077 with the value of the long lease £205,484, he arrived at a relativity of 76%. However he was only going to invite the Tribunal to find a relativity of 80%.

15. Further written representations by the Applicant

Mr Nelson had had no opportunity of studying the analysis prepared by Mr Nesbitt of Tribunal decisions made in which there had been adjustments to short lease values because of the assumed non existence of 1993 Act rights. Mr Nesbitt apologised for introducing this analysis at such a late stage but pointed out that he had only had an opportunity of perusing Mr Nelson's report a few days earlier. That may have been a good reason for Mr Nesbitt introducing this evidence at a late stage but it still left Mr Nelson without a proper opportunity of responding. We therefore invited Mr Nelson to submit any further representations upon this analysis within 7 days from the conclusion of the hearing, giving a further 7 days to Mr Nesbitt to reply to any such representations. In the event the Tribunal received a letter from Mr Nelson dated 23 November 2004, in which he set out his observations. Mr Nesbitt has made no comments upon those observations.

16. Mr Nelson made the general observation that all eight of the transactions shown were in respect of properties that were within the central London area, where values were much higher than in Banstead. Mr Nelson then commented on the individual cases and summarised by stating that there were inconsistencies in the decisions and doubts about the evidence mounted for and on behalf of the lessees in the two Trinity Church Square cases, so that those two cases should carry no weight whatsoever. He found it significant that out of all the 696 reported cases currently stated on the LEASE website, there were only eight mentioned (plus another two he had found) where it is stated that this issue was disputed and where the LVT gave a decision. He accepted that the Tribunal was required to value in the "no 1993 Act" world. He also accepted that any deduction would increase the shorter the term of years unexpired. He claimed however that the circumstances of this would very much depend upon the location and evidence submitted at the particular tribunal. He had in fact demonstrated that the actual growth in adjusted sale prices would show a figure of £170,000 for the existing lease as at the valuation date but for the purposes of his

valuation he had taken a figure of £166,250 as being the value of the tenant's existing interest (disregarding the 1993 Act rights). This in itself represented a deduction of approximately 2% from the estimated sale price of £170,000 and he considered that deduction sufficient for the property as at the valuation date.

17. Consideration

We considered first what facts had been agreed between the parties. Originally it appeared that the parties were prepared to agree that the long lease value of the property was £190,000. However the late introduction of evidence regarding 92 Courtlands Crescent had caused both Mr Nelson and Mr Nesbitt to depart from their original positions – Mr Nelson now claiming a relativity of 87.5%, rather than 85%, and Mr Nesbitt putting a value of £200,000 on the long lease value of the property, rather than £190,000. We accepted that the parties were entitled to alter their positions, since there had never been at any stage a firm signed agreement between the parties. It appeared therefore that for valuation purposes the only facts agreed between the parties were that a yield of 9% should be adopted and that the valuation date should be 15 January 2004. Mr Nelson referred to a term of 55½ years unexpired but Mr Nesbitt for valuation purposes used the more precise figure of 55.44 years.

The parties also agreed that the following improvements should be disregarded:-

- central heating via hot water radiators (previously warm air);
- enlargement lounge to remove original heating cupboard;
- refitted kitchen;
- incorporation w.c. into bath area, replacement of bath with shower cubicle;
- replacement internal doors with fixed glass safety panel type;
- UPVC double glazing including French door from lounge.

The parties further agreed that there was no compensation payable under paragraph 2 (c) of Schedule 13 of the 1993 Act.

18. The first main issue in the case was whether the value of the existing lease (“the short lease”) should be adjusted to reflect the fact that the valuation was being carried out in the “no 1993 Act world”. Mr Nelson had put forward a number of arguments as to why this should have no impact on the sale price to be established by looking at sale prices of comparable properties. He argued that the first reason for

this was that there were unknown changes in personal circumstances and the property market during the mandatory 2-year qualification period. While that is true, we considered that the vast majority of potential purchasers would expect to hold the lease for the 2-year qualification period and would make assumptions about the property market. They would want to be reassured that they did have 1993 Act rights, even though they would have to wait for 2 years to assert them. Secondly he had made the point that a potential purchaser would be aware of the costs involved in extending his lease and this would outweigh the benefit of the lease extension as appreciated at the time of purchase. We do not accept that. Certainly the costs involved are a factor to be weighed in the scales by the potential purchaser but we do not believe that they would outweigh the benefit of the 1993 Act rights, in view of the difficulty of mortgaging a short lease and the threat of a complete inability to sell the leasehold interest. Thirdly he maintained that there was a strong demand from older people for properties in Banstead and older people were not as concerned about relatively short leases. He also referred to marriage break up leading to demand from cash purchasers – former partners seeking smaller easily maintained accommodation. We do not accept those arguments. In our experience older people, who may indeed be cash purchasers, remain extremely interested in the sale value of their property and are extremely anxious to pass on to their heirs the maximum amount possible. As for spouses involved in marriage break up, the equity in their former properties having to be divided between them will usually mean that they do need mortgage finance and they are rarely cash purchasers.

19. Perhaps Mr Nelson's strongest argument was the difficulty in obtaining in any firm evidence from completed sales of how much the purchasers were paying for having rights to extend under the 1993 Act. If that element could not be identified, then it could not be quantified. However it is frequently the case that valuers are confronted with a lack of firm evidence on a particular issue but must still make a valuation. It is very often the case, for example, in establishing the yield to apply on enfranchisement of the leasehold interest because there is no local market evidence available. Reluctantly therefore valuers have to search out and draw conclusions from tribunal decisions on other cases, sometimes making hypothetical adjustments for the type of property or the location of a property. In another sphere, Judges have to put a value on, for example, the pain and suffering involved in a broken leg for the purpose

of fixing damages. There is no obvious commonsense translation of pain and suffering associated with physical injury into monetary terms. However the task still has to be performed. Decisions are made. Sometimes there are inconsistencies and a higher court or tribunal may lay down broad parameters. Mr Nelson referred us to the case of Daejan Properties Ltd –v- Weeks & Others and claimed that the Lands Tribunal made no adjustment for an overbid because the parties had not submitted any evidence on the point, although Counsel had argued the matter in principle. However it is clear that Judge Marder QC did take account of expert evidence in arriving at the conclusion that there would be no overbid. Judge Marder QC states – *“In the course of the hearing of the appeal before me, Mr Maunder Taylor gave his opinion that there was no material difference in practice, where as long as 73 years remained unexpired, between the market bid of a purchaser who would qualify under the Act and a purchaser who would not qualify. I accept that view and, accordingly, in the present case, I accept that no further adjustment is required to take account of paragraph 3(1)(b) of the 6th Schedule”*. Mr Maunder Taylor a Chartered Surveyor, was both the advocate and the expert witness for the applicant tenants in that case which was concerned with collective enfranchisement.

20. Mr Nesbitt has referred us to eight cases where the London Leasehold Valuation Tribunal has made a specific percentage deduction in respect of the 1993 Act rights. Parliament obviously considered that the lack of 1993 Act rights would have an impact on the valuation because it has made an express provision in the 1993 Act that for valuation purposes the statutory right to extend should be ignored. Mr Nesbitt in his original report referred to the guidelines of the Council of Mortgage Lenders, from which it was apparent that major lenders would only advance mortgage funds on leasehold property where the lease had in excess of 55 years unexpired. *“In most cases where the leases have between 55 and 70 years unexpired the case must be referred to the mortgage provider for scrutiny to ensure that the valuation takes account of the lease term”*. If there are going to be difficulties in financing the purchase of a property, the pool of potential purchasers will be reduced and it is only commonsense that this will have the effect of reducing the likely sale price of a property. Mr Nesbitt in his report stated that, when carrying out research into comparables, the local estate agents confirmed to him that the flats at Courtlands Crescent were not saleable on the current leases, and accordingly the leases must be

extended. On this basis, it appears to us that the right to extend holds the key to selling the flat and therefore the 5% deduction proposed by Mr Nesbitt might err on the side of being conservative. This is particularly the case when one considers the evidence available on 92 Courtlands Crescent, where the flat had been sold with the benefit of a Section 42 notice to extend. In that case the purchaser paid £200,000 and had agreed to pay a further £23,750 for exercising the right to extend the lease. That meant the purchaser was paying an extra 11%.

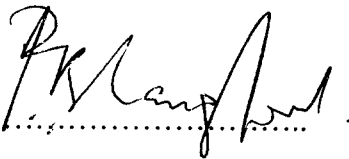
21. Mr Nesbitt has looked at the Tribunal decisions and has put forward the conservative contention that there should be a 5% discount. We have decided to follow that conservative approach and to say that there should in this case be a 5% discount. Mr Nelson was correct in pointing out that all the reported Tribunal decisions were made in London. This consideration would, if anything, lead to the conclusion that the discount for the lack of 1993 Act rights would be greater in the rest of the country because in London there has always been a wider market for short leases.

22. In looking at the long lease value, we accept Mr Nesbitt's approach that one should take the sale price of 92 Courtlands Crescent, adjust that price for the improvements mentioned by Mr Nelson, valued at £10,000, and then further adjust the price in order to relate it back to the valuation date. That led to a figure of £203,088. If one accepted Mr Nelson's contention that 27 Courtlands Crescent should be left out of the picture, the figure of £203,088 for the long lease in the case of 92 Courtlands Crescent supported Mr Nesbitt's contention that the long lease value of 66 Courtlands Crescent should be assessed at £200,000. We have therefore adopted Mr Nesbitt's valuation as the valuation of this Tribunal. The valuation is attached at Schedule 3. Thus we consider that the relativity between the short lease value and the long lease value is 80% and, as demonstrated in the valuation, this leads us to the conclusion that the price to be paid for the extended lease should be £20,900.

23. Mr Nelson in a well presented and carefully argued case has not persuaded us that the 1993 Act rights have no impact on the value of the "short lease" and in giving his evidence as to the "long lease" value, he was obviously unaware of the £23,750 which the recent purchaser of 92 Courtlands Crescent agreed to pay to the Landlords for the extended lease.

24. **Decision**

For the reasons we have given, we have determined that the price to be paid by the Applicant Leaseholder to the Respondent Freeholders for the extended lease should be £20,900.

A handwritten signature in black ink, appearing to read 'P B Langford', is written over a horizontal dotted line.

P B LANGFORD (Chairman)

SCHEDULE 1

ANALYSIS OF COMPARABLE TRANSACTIONS

RE:66 COURTLANDS CRESCENT

SHORT LEASE COMPARABLES

PROPERTY	PRICE/VALUE	Adjustment For Improvements	Adjusted Price	Deduction of 5% for 1993 Act Rights	DATE	Adjustment to time taking 14% uplift 24 month period (0.53% per month)	Value for comparison
68 Courtlands Crescent	£145,000	None	£145,000	£137,750	22/10/02	+ 8.16%	£148,990
66 Courtlands Crescent	£150,000	Double glazing less £2,500	£147,500	£140,125	14/12/02	+ 7.58%	£150,746
84 Courtlands Crescent	£190,000	None	£190,000	£180,500	24/10/04	- 5.25%	£171,496
						Average	£157,077

LONG LEASE COMPARABLES

PROPERTY	PRICE/VALUE	Adjustment for Improvements	Adjusted Price	Deduction of 5% for 1993 Act Rights	DATE	Adjustment to time per House Price Index	Value for comparison
92 Courtlands Crescent	£223,750	£10,000	£213,750	Not required	15/10/04	- 5.25%	£203,088
27 Courtlands Crescent	£245,000	£10,000 and less £15,000 for own garden	£220,000	Not required	16/11/04	- 5.83%	£207,880
						Average	£205,484

RE: 66 COURTLANDS CRESCENT

**LVT CASES PROVIDING ADJUSTMENT TO SHORT LEASE
COMPARARABLES FOR THE EXISTENCE OF 1993 ACT RIGHTS**

Case reference	Address	Term unexpired	1993 Act deduction
LON/NL/734/99	7 Clunie House SW1	43 years	5%
LON/NL/1128/00	31 Lennox Gds SW1	14 years	20%
LON/NL/1320	2, 5, 7 Harrowby Court, W1	24 years	10%
LON/NL/1386/01	34-36 Maida Vale, W9	48 years	7.5%
LON/ENF/755	63/65 Hamilton Terrace, NW8	49.6 years	10%
LON/NL/1727/00	9 Sloane Court, SW3	12.9 years	10%
LON/NL/1743	26b Trinity Church Square, SE1	78.3 years	10%
LON/NL/2192	6 Trinity Church Square, SE1	54 years	10%

SCHEDULE 3

8. VALUATION - 66 COURTLANDS CRESCENT, BANSTEAD

Lease details

Number of years unexpired 55.44
 Ground rent to 1st review £12.60
 Yield Rate 9%

Value of extended lease 200,000
Value of existing lease 80% 160,000

Diminution in Value of Freeholder's Interest

Ground rent Reserved	12.60			
YP to 55.44 years @ 9%	11.0176	139		
Reversion to VP value	200,000			
x PV of £1 until end of term	<u>0.00841</u>	<u>1,683</u>	<u>1,822</u>	<u>161,822</u>

Marriage Value

half share of marriage value	38,178
	<u>x50%</u>
	19,089
value of Freeholder's interest	<u>1,822</u>

Premium

	20,911
Say	£20,900