

21. **Cross-examination of the Respondent's Valuer.** Mr Davis commented upon the paucity of the market evidence and the fact that only one of Mr Asbury's comparables was in Surrey. Mr Asbury held that geography was irrelevant for such investments and that location had no bearing upon yield. Mr Davis suggested that in some of the comparables there could be some element of latent development value. Mr Asbury did not agree. Mr Davis suggested that for Kings Apartments there must be provision for increases in the ground rent although there was no reference to this in the agents' particulars. Mr Asbury drew attention to other similar particulars in which such increases were stated if they applied. By their absence he concluded that there was no such provision.
22. The Tribunal referred to the Wantage property as Mr Asbury's best comparable with 81 years and a yield of 6.8 %. Mr Asbury thought that Shillinglee Park was also good notwithstanding the difference in property type and length of lease.
23. The Tribunal questioned the small number of comparables and whether Mr Asbury had been too selective. His response was that he had restricted himself to closely similar transactions and had aimed for quality rather than quantity of comparables.
24. **Summing up for the Applicant.** Mr Davis felt that the crux of the matter was evidence and that, provided relevant market evidence was available, it should be used. He thought that it was difficult to disagree with the thrust of Hazel Williamson QC's article. In his opinion there was a lack of genuine market evidence, which could usefully be analysed and he cast doubt upon the value of Mr Asbury's evidence. Mr Davis' schedule of agreed transactions in Surrey was useful and he had no problem with "tone of the list", if local valuers were agreeing such figures. Equally he considered that LVT decisions should not be ignored.
25. **Summing up for the Respondent.** Mr Asbury emphasised that the Tribunal should concentrate on the quality rather than the quantity of his evidence and reiterated that the landlord should not be prejudiced to the extent that he could not re-enter the market with the sale proceeds from Woodend to purchase a similar investment.

26. There being no further evidence or representations, the Chairman closed the Hearing.
- 27. Tribunal's conclusions.** The Applicant had no market transactional evidence. He relied primarily on his "tone of the list" schedule of yields from local valuers. This was not without relevance but was lacking in detail of both properties and terms of transactions. His schedule of LVT decisions was of little value, as no detail was available on which to gauge those decisions and how they had been arrived at. They were in any event not binding upon the Tribunal.
28. The Tribunal agreed that location was a relevant factor in the selection and valuation of investments, but felt that this had to be balanced with other factors in the choice of investments including their availability generally. The shortage of direct comparable local evidence did not mean that market evidence was not relevant. It was a case of making the best use of such market evidence as was presented.
29. The Respondent's primary evidence, though sparse, was the best evidence available to the Tribunal and should therefore be given greater weight, than the schedule of evidence of agreed cases produced by the Applicant. The Tribunal preferred the evidence in respect of the Wantage and Eton Wick properties, as having more in common with the subject property particularly in length of leases, than those of the Respondent's other comparables. The Wantage property was similar in that it had 81 years remaining and escalating ground rents. The Eton Wick property had 99 years remaining but a fixed ground rent. In contrast the Reading property was subject to a 999 year lease with a fixed ground rent and the Shillinglee Park properties were subject to leases with 171 years remaining and with ground rent reviews at 20 year intervals linked to the RPI.
30. Hazel Williamson QC's article was noted and in particular her statement that the Lands Tribunal in *Blendcrown Limited v Church Commissioners for England* (2004) 1 EGLR 143 "rejected the proposition that previous LVT decisions carried any weight as evidence of yields. The Tribunal's view was not at variance with this concept.
31. The Tribunal's conclusion was that primary evidence should be sought from the market, that "tone of the list" data should only be treated as secondary

evidence and that evidence of old LVT decisions should only in exceptional circumstances be admitted as evidence at all in valuation matters.

**32. Decision.** The Tribunal decided that the yield to be applied for calculating the values of both the loss of income to the freeholder and the value of the freeholder's reversion should be 7 %. From this the Tribunal calculated the compensation to be paid for the freehold interest in Woodend by the Applicant to the Respondent in the sum of **£25,824**(Appendix 3)

Signed...  J H S Preston JP FRICS (Chairman)

**Dated** 6 May 2005

## Appendix 1

CURCHOD &amp; CO

**AMENDED VALUATION FOR WOODEND, CRAWLEY RIDGE, CAMBERLEY****Current Freehold Interest**

Rent received	£1200		
YP 13.1 years @ 8 ½ %	<u>£ 7.72</u>	£9,264	
Reversion to	1650		
YP 15 years @ 8 ½ %	8.30		
PV £ 13.1 years @ 8 ½ %	<u>0.34</u>	4,658	
Reversion to:	2100		
YP 15 years @ 8 ½ %	8.30		
PV £ 28.1 years @ 8 ½ %	<u>0.101</u>	1,760	
Reversion to	2550		
YP 20 years @ 8 ½ %	9.46		
PV £ 43.1 years @ 8 ½ %	<u>0.029</u>	699	
Reversion to	3000		
YP 19 years @ 8 ½ %	9.26		
PV £ 63.1 years @ 8 ½ %	<u>0.0058</u>	161	
Reversion to	1,170,000		
[for flats except no 2]			
PV £ 82.1 years @ 8 ½ %	<u>0.00123</u>	1,439	£17,979

**Additional term for flat 2**

Continuing rent	500		
YP 14 extra years @ 8 ½ %	8.01		
PV £ 82.1 years @ 8 ½ %	<u>0.00123</u>	5	
Reversion to	135,000		
(for flat 2 only)			
PV £ 96.3 years @ 8 ½ %	<u>0.0003876</u>	52	
			<u>57</u>
			£18,036
			Say £18,000

**Marriage Value**                      None

# Appendix 2

Leasehold Reform, Housing and Urban Development Act 1993 (as amended)

Enfranchisement Price payable by tenant in accordance with  
Section 32 and Schedule 6

## Wood End, Crawley Ridge, Camberley.

Flats 1-7 (excl flat 2 & no flat 3)

### Basic Facts & Assumptions

Valuation date:	02-Sep-2004		
Expiry date:	01-Oct-2088		
Existing lease:	82.08 years unexpired		
Ground Rent:	£1,000 per annum		
Rent Review date:	01-Oct-2017		
Reviews:	15.0 yearly		
Years to 1st Review:	13.1	up to	£1,375
Years to 2nd Review:	28.1	up to	£1,750
Years to 3rd Review:	43.1	up to	£2,125
Years to 4th Review:	58.1	up to	£2,500
Capitalisation rate:	6 %		
Landlord's % of marriage value:	50 %		
Leaseholder's improvements:	Valuation is on unimproved basis		
Unimproved Market value of:-			
Existing lease:	say	£1,170,000	100.0 % of Freehold
Freehold in possession:	say	£1,170,000	

### Value of Landlord's current interest

#### Term of existing lease

Loss of rental income				1,000	
YP 13.1 yrs @ 6 %				8.89	8,891
plus					
1st Review				1375	
YP 15.0 yrs @ 6 %			9.71		
PV £1 in 13.1 yrs @ 6 %			0.47	4.53	6,231
plus					
2nd Review				1750	
YP 15.0 yrs @ 6 %			9.71		
PV £1 in 28.1 yrs @ 6 %			0.19	1.89	3,309
plus					
3rd Review				2125	
YP 20.0 yrs @ 6 %			11.47		
PV £1 in 43.1 yrs @ 6 %			0.08	0.93	1,980
plus					
3rd Review				2500	
YP 19.0 yrs @ 6 %			11.16		
PV £1 in 63.1 yrs @ 6 %			0.05	0.61	1,514
Reversion to capital value					
disregarding Leaseholder's Improvements, say				1,170,000	
PV £1 in 82.1 yrs @ 6 %				0.0084	9,795
					<u>£31,719</u>

### Landlord's share of Marriage Value

No marriage value as leases' unexpired terms exceed 80 yrs

### Compensation payable to Landlord

Compensation payable to landlord under paras 2 (c) & 5:

£0

### Flats 1, 4, 5, 6 & 7 Valuation Summary

Amount of enfranchisement price attributable to flats 1,4,5,6 & 7	£31,719
Landlord's share of marriage value in accordance with paras 2(b) & 4:	£0
Compensation payable to landlord under paras 2 (c) & 5:	£0
Contribution to Enfranchisement price =	<u>£31,719</u>

VALUATION CONTINUES OVER PAGE

**Wood End, Crawley Ridge, Camberley.**

Fiat 2

**Basic Facts & Assumptions**

Valuation date:	03-Sep-2004		
Expiry date:	25-Dec-2100		
Existing lease:	98.3 years unexpired		
Ground Rent:	£200 per annum		
Rent Review date:	01-Oct-2017		
Reviews:	15.0 yearly		
Years to 1st Review:	13.1	up to	£275
Years to 2nd Review:	28.1	up to	£350
Years to 3rd Review:	43.1	up to	£425
Years to 4th Review:	58.1	up to	£500
Capitalisation rate:	6 %		
Landlord's % of marriage value:	50 %		
Leaseholder's improvements:	Valuation is on unimproved basis		

Unimproved Market value of:-			
Existing lease:	say	£135,000	100.0 % of Freehold
Freehold in possession:	say	£135,000	

**Value of Landlord's current interest****Term of existing lease**

Loss of rental income				200	
YP 13.1 yrs @ 6 %				8.89	1,778
plus					
1st Review				275	
YP 15.0 yrs @ 6 %			9.71		
PV £1 in 13.1 yrs @ 6 %			0.47	4.53	1,248
plus					
2nd Review				350	
YP 15.0 yrs @ 6 %			9.71		
PV £1 in 28.1 yrs @ 6 %			0.19	1.89	662
plus					
3rd Review				425	
YP 15.0 yrs @ 6 %			9.71		
PV £1 in 43.1 yrs @ 6 %			0.08	0.79	335
plus					
4th Review				500	
YP 33.0 yrs @ 6 %			14.23		
PV £1 in 58.1 yrs @ 6 %			0.05	0.77	386
Reversion to capital value					
disregarding Leaseholder's Improvements, say				135,000	
PV £1 in 96.3 yrs @ 6 %			0.0084	1,130	£5,538

**Landlord's share of Marriage Value**

No marriage value as leases' unexpired terms exceed 80 yrs

**Compensation payable to Landlord**

Compensation payable to landlord under paras 2 (c) &amp; 5:

£0

**Fiat 2 Valuation Summary**

Amount of enfranchisement price attributable to fiat 2	£5,538
Landlord's share of marriage value in accordance with paras 2(b) & 4:	£0
Compensation payable to landlord under paras 2 (c) & 5:	£0
Contribution to Enfranchisement price =	£5,538

**Valuation Total**

Amount of enfranchisement price attributable to fiat 2	£5,538
Amount of enfranchisement price attributable to flats 1, 4, 5, 6 & 7	£31,719
Compensation payable to landlord under paras 2 (c) & 5:	£0
Total Enfranchisement price =	£37,257

### APPENDIX 3 (1)

#### Woodend Valuation

(Yields calculated at 7% throughout. Years Purchase and Present Values calculated to nearest full year)

##### Flats 1, 4, 5, 6, 7

Ground Rent	£1000		
YP 13 years	<u>8.358</u>		£8,358.00
Ground Rent	£1375		
YP 15 years	9.108		
PV of £1 in 13 years	<u>0.41496</u>	<u>3.779</u>	5,196.75
Ground Rent	£1750		
YP 15 years	9.108		
PV of £1 in 28 years	<u>0.1504</u>	<u>1.3698</u>	2,397.22
Ground Rent	£2125		
YP 20 years	10.594		
PV of £1 in 43 years	<u>0.0545</u>	<u>0.5774</u>	1,226.92
Ground Rent	£2500		
YP 19 years	10.336		
PV of £1 in 63 years	<u>0.0141</u>	<u>0.1457</u>	364.34
Reversion at 1.10.2086	£1170000		
PV of £1	<u>0.00389</u>		<u>4,551.30</u>
<u>Total</u>			<b><u>£22094.53</u></b>

## APPENDIX 3 (2)

### Woodend Valuation

(Yields calculated at 7% throughout. Years Purchase and Present Values calculated to nearest full year)

#### Flat 2

Ground Rent	£200		
YP 13 years	<u>8.358</u>		£1,671.60
Ground Rent	£275		
YP 15 years	9.108		
PV of £1 in 13 years	<u>0.41496</u>	<u>3.779</u>	1,039.22
Ground Rent	£350		
YP 15 years	9.108		
PV of £1 in 28 years	<u>0.1504</u>	<u>1.3698</u>	479.43
Ground Rent	£425		
YP 20 years	10.594		
PV of £1 in 43 years	<u>0.0545</u>	<u>0.5774</u>	245.39
Ground Rent	£500		
YP 33 years	12.754		
PV of £1 in 63 years	<u>0.0141</u>	<u>0.1798</u>	89.92
Reversion at 25.12.2100	£135000		
PV of £1 in 96 years	<u>0.00151</u>		<u>203.85</u>
<u>Total for Flat 2</u>			<b>£3,729.41</b>
Total for Flats 1, 4, 5, 6, 7			<b><u>22,094.53</u></b>
<b><u>Total for all flats</u></b>			<b><u>£25,823.94</u></b>