

RESIDENTIAL PROPERTY TRIBUNAL SERVICE

LEASEHOLD VALUATION TRIBUNAL

Subject Properties: Flats 1 – 11 (Odd), Flats 2 – 12 (Even), 13 – 23 (Odd)
and 25 – 35 (Odd)
Riversmeet, Hertford, Hertfordshire SG14

Applicant Nominee

Purchaser: Riversmeet Owners Limited. Registered Office: The Billow,
Penarth, Vale of Glamorgan CF64 1 AZ

Applicant's

Solicitor: Longmores, 24 Castle Street, Hertford, Hertfordshire, SG14 1 PB
(Ref: NJS/ATT/8/1)

Applicant's

Surveyor: Stephen Watson SWA Chartered Surveyors, Ground Floor
Stortford House, 231 London Road, Bishop's Stortford Herts.,
CM23 3LA

Respondents:

**Freeholder &
Landlord:** David Matthey, Steven Matthey and the executors to the late Alan
Matthey, Lawrence House, Goodwyn Avenue, London NW7 3RH

Respondent's

Surveyor: L A Nesbitt BSc, FRICS, MCI Arb

Intermediate

Landlords: Flats 1 – 11 (Odd)
Flat 1 Fable Estates Limited
Flat 5 Shortlift Limited
Flat 7 Beeston Properties Limited
Flat 9 Foxglade Properties Limited
Flat 11 Lampton Estates Plc
All of 101 Uphill Street, Mill Hill London NW7 4QD

Flats 2 – 12 (Even)
Flat 2 DJJ Estates Limited
Flat 4 Davor Developments Limited
Flat 6 GBR Finance Limited
Flat 8 Rhinestone Properties Limited
Flat 10 IBIS (404) Limited
Flat 12 Museprime Limited
All of 101 Uphill Street, Mill Hill London NW7 4QD

Flats 13 – 23 (Odd)
Flat 13 Northridge Estates Limited
Flat 15 Shortlift Limited
Flat 17 Rhinestone Properties Limited
Flat 19 Beeston Properties Limited
Flat 23 GBR Finance Limited

All of 101 Uphill Street, Mill Hill London NW7 4QD

Flats 25 – 35 (Odd)
Flat 25 Davor Developments Limited
Flat 27 DJJ Estates Limited
Flat 29 Foxgalde Properties Limited
Flat 31 Museprime Properties Limited
Flat 33 Northridge Estates Limited
Flat 35 Westone Properties Limited
All of 101 Uphill Street, Mill Hill London NW7 4QD

Case Number: CAM/26UD/OCE/2006/032-035

Application: An application to the Tribunal under Section 24 of the Leasehold Reform Housing and Urban Development Act 1993 (the 1993 Act) to determine matters in dispute in respect of the exercising of the right to collective enfranchisement

Tribunal: Mr JR Morris (Chairman)
Miss M Krisko BSc(Est Man) BA FRICS
Mrs S Redmond BSc (Econ), MRICS

Valuation Date: 15th March 2006

Hearing Date: 17th January 2007

Persons Attending: Mr Watson, Applicant's Surveyor
Mr L Nesbitt, Respondent's Surveyor

STATEMENT OF REASONS

The Application

1. This is an application to the Tribunal under Section 24 of the Leasehold Reform Housing and Urban Development Act 1993 (1993 Act) to determine matters in dispute in respect of the exercising of the right to a collective enfranchisement of 4 blocks of flats as follows:
1 – 11 (Odd), 2 – 12 (Even), 13 – 23 (Odd), 25 – 35 (Odd)
2. The Applicant as Nominee Purchaser served 4 Initial Notices, one in respect of each of the aforementioned blocks, dated 15th March 2006 claiming the right to acquire the freehold interest pursuant to s1 (1) of the 1993 Act of the Specified Premises shown edged and hatched red on a plan attached to the Application together with the Additional Freehold pursuant to s1(2)(a) of the 1993 Act and shown edged and hatched green on a plan attached to the Application. The list of Leasehold interests of the Intermediate Landlords in the Specified Premises to be acquired pursuant to s 2(1)(a) or (b) of the 1993 Act was provided. Schedules of participating and non-participating qualifying Tenants were also attached.

3. The Applicant proposed to pay for the freehold interest of the Specified Premises and for the Additional Freehold Property the following amounts in respective of each Block:

1 – 11 (Odd)	£17,466
2 – 12 (Even)	£16,078
13 – 23 (Odd)	£16,144
25 – 35 (Odd)	£16,788
4. The Respondent in a Counter Notice dated 19th May 2006 admits the Tenants' right to purchase the freehold and the extent of the freehold interest in the Specified Premises pursuant to s1 (1) and the Additional Freehold pursuant to s1(2)(a) of the 1993 Act together with the Leasehold Interests of the Intermediate Landlords in the Specified Premises.
5. The Respondent in the Counter Notice did not accept the price proposed by the Applicant and counter proposed the sum for the freehold interest of the Specified Premises, the Additional Freehold Property and the Leasehold interests of the Intermediate Landlords in the Specified Premises as follows

1 – 11 (Odd)	£53,400
2 – 12 (Even)	£61,800
13 – 23 (Odd)	£61,800
25 – 35 (Odd)	£61,800

Documents

6.
 - Application Form
 - Copy of Tenant's Initial Notice of Claim together with Schedule of Qualifying Tenants
 - Copy of Landlord's Counter Notice
 - A Copy Head Lease
 - A Copy standard form Sub Lease for flats subject to intermediate lease
 - A Copy of the Official Copies and Filed Plan at the Land Registry for the Freehold Title HD441167
 - Applicant's Surveyor's Valuation and Report
 - Respondent's Surveyor's Valuation and Report
 - Respondent's Information on costs
 - Applicant's representations on the Respondent's costs

Identification of Matters Agreed and in Dispute

7. The matters agreed are as follows:
 - a) A copy of a lease was provided which was agreed to be applicable to all flats. The Original Leases are for 99 years from the 29th September 1968 and therefore have 62 years remaining. The ground rent is £18.90 (£18 18s 0d) per annum. Two extensions have been granted as stated below.
 - b) Participating and non-participating flats:

Block of Flats 1-11

Participating:

Flat 1 - 2 Bedroom flat with a Lease of 61.5 years unexpired

Flats 7 and 9 - 3 Bedroom flats with Leases of 61.5 year unexpired

Non- participating:

Flat 3 - 2 Bedroom flat with an extended Lease of 94.5 years unexpired
 Flats 5 and 11 - 3 Bedroom flats with Leases of 61.5 year unexpired
 The extended Lease is from the 29th September 2001 with 94.5 years remaining. The ground rent is £150 for the first 33 years £300 for the next 33 years and £600 for the remaining 33 years

Block of Flats 2 – 12

Participating:

Flats 2 and 4 - 2 Bedroom flats with a Lease of 61.5 years unexpired

Flats 6 - 3 Bedroom flat with Lease of 61.5 year unexpired

Non- participating:

Flats 8, 10 and 12 - 3 Bedrooms with Leases of 61.5 year unexpired

Block of Flats 13 – 23

Participating:

Flats 13 and 15 - 2 Bedroom flats with a Lease of 61.5 years unexpired

Flats 23 - 3 Bedroom flat with Lease of 61.5 year unexpired

Non- participating:

Flats 17 and 19 - 3 Bedrooms with Leases of 61.5 year unexpired

Flat 21- 3 Bedroom flat with an extended Lease of 95 years unexpired

The extended Lease is from the 25th March 2002 with 95 years remaining. The ground rent is £100 for the first 33 years £200 for the next 33 years and £300 for the remaining 33 years.

Block of Flats 25 - 35

Participating:

Flats 25 and 27 - 2 Bedroom flats with a Lease of 61.5 years unexpired

Flats 29 - 3 Bedroom flat with Lease of 61.5 year unexpired

Non- participating:

Flats 31, 33 and 35 - 3 Bedrooms with Leases of 61.5 year unexpired

- d) The value of the enfranchised flats was agreed as being:
 £150,000 for the 3 bedroom flats
 £140,000 for the 2 bedroom flats

8. It is noted that the Respondent as Freeholder has created long leasehold interests between itself and the Lessees through associated companies under Part 1 section 4(2)(1) Landlord and Tenant Act 1987. As a result no greater interest is created and therefore an assessment is made of the total freehold value to be paid to the Respondent and any allocation to be made to the Intermediate Landlords is an internal matter between the Respondent and its associated companies.
9. The terms of the Transfer are agreed.
10. The Application identifies to be in dispute:
 - The price to be paid for the freehold interest in the Specified Premises, the Additional Freehold and the Leasehold interests of the Intermediate Landlords in the Specified Premises
 - The Costs the Freeholder claims under s 33 of the 1993 Act.
11. Specific matters in dispute regarding the valuation are as follows:
 - a) The Yield Rate for capitalisation of the ground rent

Applicant	10%
Respondent	7.5%
 - b) Yield Rate for deferment of reversions

	Applicant (including hope value)	10% for 61.5 years unexpired 12% for extended lease of 94.5 and 95 years unexpired
	Respondent	5%
c)	The relativity between flats with the existing lease of 61.5 years unexpired and an enfranchised flat	
	Applicant	96.77% for 61.5 years unexpired 97% for extended lease of 94.5 and 95 years unexpired
	Respondent	85%
d)	Existing Lease value	
	Applicant	£135,000 for 2 bedroom flat £145,800 for 3 bedroom flat
	Respondent	£119,000 for 2 bedroom flat £127,500 for 3 bedroom flat

12. Pursuant to section 126 of the Commonhold and Leasehold Reform Act 2002 the valuation date is the date of the Initial Notice, which is agreed to be the 15th March 2006.

The Law

13. The provisions for Application to the Tribunal are under section 24 of the 1993 Act. The provisions for the determination of price are under section 32 and Schedule 6 of the 1993 Act.

The Subject Property

14. The Subject Property comprises 4 three-storey purpose built blocks of 6 flats with brick and tile-hung elevations beneath a flat roof constructed circa 1969. There are two 2-bedroom flats on the ground floor and two 3-bedroom flats on each of the two upper floors. There is a communal hall with storage cupboards and a stairway. The Subject Property is a Development of 4 similar blocks in communal grounds. Each flat has a garage in an adjoining block. The Development is situated in a cul de sac off the A141 in close proximity to Hertford.
15. Each flat comprises an entrance hall, lounge, kitchen 2 or 3 bedrooms and a bathroom with wc. Most flats have been improved by the installation of a gas supply, double-glazing, central heating and re-fitted kitchen and bathroom.

Inspection

16. An inspection of the exterior of the whole Property and of the interior of one 2 bedroom and one 3 bedroom flat was made on the 18th January 2007.
17. Externally the Property was in fair condition although needing some maintenance. There was a mixture of plastic and wooden windows and the bargeboards needed redecoration. The grass of the grounds was not well kept. The footpaths around the Property were in fair condition. The interior common parts were utilitarian and basic.
18. The Tribunal viewed the interior of the following flats:
No. 13, which is a ground floor flat comprising a hall with store, bathroom, living room, kitchen and two bedrooms (one single one double). The bathroom was dated, as was the kitchen.

No. 6, which is a first floor flat comprising a hall, living room, kitchen, bathroom and three bedrooms (one single two double). Both the bathroom and kitchen had been improved.

Applicant's Case

19. The Applicant's Surveyor provided a copy of a revised calculation, which is at **Schedule 1**

Yield (Capitalisation)

20. In written representations confirmed in oral evidence at the Hearing the Applicant's Surveyor stated that the Years Purchase is considered to be an all risks yield taking into consideration that multipliers used in any open market transaction include expectations of future windfall to the Landlord. The Enfranchisement Valuation quantifies the capital gain separately as Marriage Value. The Years Purchase used must therefore avoid double counting.

Yield (Deferment Rate)

21. The Applicant's Surveyor suggested that long leases had become more attractive to investors since the legislation enabling enfranchisement and therefore the Act pushes yield rates down. He submitted that yields reflect income less costs therefore 8% return does not really reflect the true yield and suggested a 10% return for the leases with an unexpired term of 61.5 years and 12% for those of 94.5 and 95 years.
22. The Applicant's Surveyor said that he considered the decision in *Sportelli* to be wrong. He argued that the same rate should be used for both capitalisation and reversionary interest and that this rate should be arrived at by reference to open market evidence. He said that the present case related to a different location. In his response to the Tribunal's request for evidence of 10% he referred to the enfranchisement by negotiation of Byron Mews where the reversion was 10.5% as negotiated between the landlord and the tenants. These were said to be very similar properties, 4 blocks of 6 flats, with an unexpired term of 113 years. He submitted that in a no Act world prices would be cheaper as there would be no conflict. The parties would merely negotiate according to the open market. He stated that auction figures in London are very high which is why the rate is 5% but prices are much lower in the provinces.
23. Wisbey Goodsell provided evidence in relation to 15-26 Gwynns Walk, Hertford where the freeholders accepted 8% yield. A valuation was also provided of purchase of a Freehold of Block B Exeter Road, Dagenham Essex.
24. The Applicant's Surveyor noted the argument put forward by the Respondent that the same rate of growth and therefore the same deferment yield rate would apply irrespective of the location of the property. The Applicant's Surveyor responded by saying that the age, construction, cost of maintenance and redevelopment of the site as well as the unexpired term would have an effect on the reversionary value. The Subject Properties are at the bottom end of the market and so will not have the same rate of growth as in central London irrespective of the unexpired term rate and notwithstanding any overlap between London and the present location.

Open Market Value of Current Leasehold

25. The Applicant's Surveyor stated that values taken for current open market prices are taken as being for a property in average condition, mid way between the best and the worst process reported recently. He provided a Schedule of recent sales at Riversmeet by way of comparable evidence.
26. In written representations the Applicant's Surveyor stated that there had been 5 flats sold at Riversmeet two of which (numbers 3 and 21) were for flats with extended leases and an adjusted value using the Halifax house Price Index was provided.
27. In relation to the current value of flats on an unextended lease the Schedule showed a sale of number 35, flat of three bedrooms, on the 10th March 2006 was made for £156,000 although this had been modernised. It was submitted that values should be decreased by 10% to 15% to take account of such improvements.
28. It was stated in oral evidence that the open market is extremely buoyant at the present time such that estate agents are reporting no variations between prices obtained for "Landlord" owned freeholds or "Resident" owned freehold.
29. The Applicant's Surveyor said in written representations confirmed in oral evidence that variations between flats having 62 years remaining or a term exceeding 90 years is not as marked as might be expected. Specific evidence was provided of two flats sold in 2006, one with an extended lease and one with an unextended lease and the differential were found to be just 2.05%. The same estate agent sold both flats and described the condition to be similar. Analysis of other flats sold over a longer period shows a differential of just 4%. The differential is less informative over the longer period because the term also declined. Therefore a mean difference of 3% has been applied. It was said that such a low difference exists because these flats are at the lowest end of the market and any evidence of a higher value developments would not be appropriate.
30. It was submitted that no differential is perceived by buyers until it is highlighted by a surveyor or solicitor that the residue of the lease might cause a problem. Therefore instead of a gradual decline there appears to be a sudden loss equivalent to the cost of obtaining an extended lease. Such cost appears to vary greatly depending on the time of the application. Examples have been noted of excessive premiums where leaseholders make applications at the time of selling whereas premiums negotiated when neither of the parties has a special advantage and the tenant has a right of reference to a Tribunal the premiums are more equitable. Enfranchisements also achieve more equitable results for the same reasons.
31. Present market values of 2 bedroom flats at the Development was said to be £155,000 and £167,000.
32. In conclusion the Applicant's Surveyor reaffirmed the point that in his experience of many years as a mortgage valuer in the area buyers of properties like the Subject Property which are at the lower end of the market do not distinguish between leases of 62 years and leases of a much longer term provided they are able to obtain a mortgage which currently they are.
33. The Applicant's Surveyor calculated that the price payable for the enfranchisement of the freehold interest is as follows:

Block 1 – 11	£78,175
Block 2 – 12	£73,791

Block 13 – 23	£60,433
Block 25 – 35	£73,791

Respondent's Case

34. The Respondent's Surveyor provided a copy of a calculation, which is at **Schedule 2**

Yield (Capitalisation)

35. The Respondent's Surveyor submitted a rate of 7.5% capitalisation was appropriate in line with most cases in the provinces with a rate of 5-6% being used in central London. Battersdale, Old Hatfield, 15 – 26 Gwynns Walk, Hertford and 11 The Ridgeway, Codicote were referred to by way of comparable where sales were negotiated, as well as a Tribunal decision relating to 337 Knights Manor Way, Dartford, Kent and in all cases a yield of 8% had been adopted. It was pointed out that the Subject properties provided a secure income and although a modest rent nevertheless there was a low risk of non-payment and forfeiture.

Yield (Deferment Rate)

36. The Respondent's Surveyor referred to the *Sportelli* decision and submitted that no evidence had been adduced to justify a deferment rate different from 5%.

Open Market Value of Current Leasehold

37. The Respondent's Surveyor referred to the comparables he had submitted and stated that the relativity had been as follows
- | | | |
|------------------------------|-----|-----------------------|
| Battersdale, Old Hatfield | 89% | 67 years unexpired |
| 15 – 26 Gwynns Walk Hertford | 88% | 63.45 years unexpired |
| 11 The Ridgeway, Codicote | 86% | 66 years unexpired. |
- He also referred to Becket and Kay's Relativity Graph and said that the variation appeared to be between 76% and 84% and so took an average of 80% as the appropriate level.
38. The Respondent's Surveyor pointed out that the difficulty with the sales that had been referred to by way of comparables by the Applicant was that the properties were all of differing states of improvement and condition. There were not enough sales to draw proper comparisons and achieve a rate of relativity for these particular flats based upon the actual sales. There can be wide variations between one flat and another on the same lease. With reference to the Tribunal decision in 337 Knights Manor Way, Dartford, Kent it was stated that 96% relativity had been taken however this was in relation to a lease with 79 years unexpired which is very different from one of 61.5 in the present case where a lower relativity is appropriate.
39. The Respondent's Surveyor calculated that the price payable for the enfranchisement of the freehold interest is as follows:
- | | |
|----------------------|-------------------|
| Block 1 – 11 | £11,778.32 |
| Block 2 – 12 | £9,404.56 |
| Block 13 – 23 | £8,969.22 |
| Block 25 – 35 | £11,356.56 |

Determination of the Market Value of the Freehold Interest in the Flats

40. The Tribunal considered the written and oral evidence submitted.

Yield (Capitalisation)

41. The Tribunal adopted a 9% capitalisation rate for the leases with an unexpired term of 61.5 years because the ground rent was fixed at a low level for the remainder of the term and the resulting £9.45 was collected half yearly and was subject to the costs of collection. The leases require the lessees to repair, decorate and insure etc. leaving no possibility for a purchaser of the term to receive any additional income. A 8% capitalisation rate was adopted for the extended leases because although these were granted at an improved and rising ground rent nevertheless the amount was still relatively modest and again was to be collected half yearly.

Yield (Deferment Rate)

42. The Tribunal noted the Lands tribunal case of *Sportelli* and considered that no compelling evidence had been produced to depart from the 5% deferment rate.

Open Market Value of Current Leasehold

43. The Tribunal took particular note of the Applicant's Surveyor's evidence as a locally based mortgage valuer in which he stated that in the light of his experience in mortgage valuations, local evidence indicated that there was little actual discrimination shown by buyers at the bottom end of the market in relation to length of term when mortgages were freely available for the current term remaining. This he demonstrated by the comparable evidence provided. The tribunal therefore applied a relativity of 94%.
44. The Tribunal's calculations are at **Schedule 3**. The Tribunal determined that the price payable for the Freehold interest in the Subject Properties is as follows:
- | | |
|----------------------|----------------|
| Block 1 – 11 | £43,318 |
| Block 2 – 12 | £46,938 |
| Block 13 – 23 | £42,112 |
| Block 25 – 35 | £46,938 |

Costs

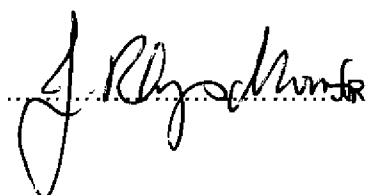
45. The Applicant questioned the Respondent's Legal Costs of £2,200 as follows
- A No details had been provided as to the rate or qualification of the fee earner,
 - B No indication as to the time spent had been given
 - C The Respondent's lawyers have not complied with the Tribunal's Directions in the matter of costs.
- The Applicant therefore submitted that no costs should be granted but in the event of an award being given then the sum of £2,200 should be reduced by a third in accordance with Civil Procedure Rule 48.6, as in-house lawyers have been used.
46. The Respondent's Lawyers were not in attendance at the hearing and therefore the Tribunal requested the Respondent's Surveyor to inform the Respondent's Lawyers that a full breakdown of the costs should be given in accordance with the Directions within 14 days. This additional time to provide details was given to the Respondent because as an in-house Lawyer it may not have been appreciated that the Tribunal still required such compliance.
47. The Respondent replied on 26th January 2007. It was stated that Mrs Alison Sandler the Respondent's senior in-house solicitor dealt with the matter. As such she does

not have a charge rate but a Grade A fee earner is a useful comparison. The Respondent did not agree with a contention by the Applicant that a more junior lawyer could have dealt with the matter. It also was not accepted that a further discount should be applied to the legal costs simply because Mrs Sandler is an in-house solicitor as their external lawyers, Glinert Davis are a London firm and their charge would invariably exceed those charged by the Respondent. Therefore the use of the in-house lawyer affords a cost saving to the lessees.

The time estimated for the work to be carried out is as follows:

1 hour for each initial Notice (4 hours)	£ 800
1 hour per notice in investigating leasehold titles (4 hours)	£ 800
3 hours for dealing with conveyance	<u>£ 600</u>
Total	£2,200

48. The Applicant made representations received on 30th January 2007 that doubted whether it was necessary for a Grade A fee earner to undertake the work. It was also considered that the time charged for considering the leaseholds was excessive and should be reduced to two hours. It was added that whether or not the matter could have been outsourced to external solicitors was irrelevant, an in house solicitor in fact carried out the work and therefore the guidance of the Civil Procedure Rules should be followed.
49. The Tribunal must in accordance with section 33 of the 1993 Act determine the reasonable costs of the Respondent. The Tribunal noted the Civil Procedure Rules referred to by the Applicant however in this instance the Tribunal accepted the Respondent's submission as to the seniority and fee attributed to the in house solicitor. The Tribunal found that a fee earner at a charge of £200.00 an hour would be able to undertake the tasks referred to by the Respondent expeditiously. The notices were all similar save in valuation, which was a matter for the Respondent's Surveyor. The Tribunal therefore considered that it should take a Senior Solicitor four hours to both consider the section 13 Notices and investigate the leasehold titles and therefore there should be only one charge of £800 and not two. The conveyancing fee of £600 was accepted. The Tribunal noted that as the Solicitor was in-house no VAT was chargeable. Therefore the Tribunal determined that a sum of £1,400 for the Respondent's legal costs was reasonable.
50. The Tribunal noted the detailed statement of costs of the Respondent's Surveyor of 11 hours at a cost of £1,980 plus VAT. The hourly rate appears to be £180 per hour. The Tribunal found that the period of three and a half hours inspecting the Subject Properties overly long and reduced this to one and a half hours. The number of chargeable hours is therefore 9 at a rate of £180 per hour being £1,620 plus 283.50 being vat at 17.5% totalling £1,903.50.
51. The Applicant's Solicitors sought legal costs of £330 plus VAT and Surveyor's costs of £355 plus VAT and Courier costs of £55 on the basis that the Respondent failed to respond in a timely manner to the Application and Directions and the Applicant's Solicitors and Surveyor had to chase the Respondent.
52. The Tribunal did not have jurisdiction to award costs against Respondent for any alleged lack of promptness.

 J. R. Morris (Chairman)

Appendices

Appendix 1 - Applicant's Surveyor's Valuation

Appendix 2 - Respondent's Surveyor's Valuation

Appendix 3 - Tribunal's Valuation

Appendix 1 - Applicant's Surveyor's Valuation

RIVERSMEET, HERTFORD SG14 1LF

Valuation for Submission to Leasehold Valuation Tribunal for enfranchisement prepared in accordance with the Leasehold Reform Housing and Urban Development Act 1993 (as amended by the Commonhold Act 2002) for collective purchase of the freehold by a properly constituted company acting on behalf of 50% or more of the leaseholders. The Date of Notice and hence the date for Valuation is 15th March 2006

Block 1-11 (odd) Riversmeet	2 x 2 bedroom flats; 4 x 3 bedroom flats	Total: 6
Participating Tenants	Flats 1, 5, 7 & 9	Total: 4
	1 x 2 bedroom flats; 3 x 3 bedroom flats	

PRESENT INTERESTS**Landlords Interest**

Rent received £18.90 (five flats on original lease)

5 x £18.90 = £94.50

62 years remaining @ YP 10%

9.9729

(i) £942.44

Reversionary Value

1 x £155,000

£155,000.00

+ 4 x £167,000

£668,000.00

=

£823,000.00

Less 10% for unimproved condition

£82,300.00

=

£740,700.00

PV in 62 years @ 10%

0.0027143

=

(ii) £2,010.48

One flat on new lease 95 years remaining

1 x £150

= £150.00

x 29 years remaining @ 12%

8.0218

(iii) £1,203.27

1 x £300

= £300.00

x 33 years @ 12%

8.134

x PV in 29 years @ 12%

0.03738

(iv) £91.21

1 x £600

= £600.00

x 33 years @ 12%

8.134

x PV in 62 years @ 12%

0.00088

(v) £4.29

Reversionary Value

Present Capital Value

£155,000.00

Less 10% for unimproved condition

£15,500.00

£139,500.00

PV in 95 years @ 12%

0.00002

=

(vi) £2.79

Landlords Present Interest (i),(ii), (iii),(iv),(v), (vi)**(1) £4,254.48**

Participating Tenants Interest

1 x £150,000 + 3 x £162,000		£636,000.00
Less 10% for unimproved condition		<u>£63,600.00</u>
	=	(a) £572,400.00

Combined present interests (1) + (a)

£576,654.48

(2) say £576,654**Calculation of Marriage Value****FUTURE INTEREST****Future Participating Tenants Interests**

Rent Received £18.90

1 x £18.90

£18.90

62 years remaining @ YP 10%

9.9729

(vii) £188.49

Reversionary Value

1 x £167,000

£167,000.00

Less 10% for unimproved condition

£16700.00

£150,300.00

PV in 62 years @ 10%

0.0027143

(viii) 407.96**One flat on new lease 95 years remaining**

1 x £150

= £150.00

x 29 years remaining @ 12%

8.0218

(ix) £1,203.27

1 x £300

= £300.00

x 33 years @ 12%

8.134

x PV in 29 years @ 12%

0.03738

(x) £91.21

1 x £600

= £600.00

x 33 years @ 12%

8.134

x PV in 62 years @ 12%

0.00088

(xi) £4.29

Reversionary Value

Present Capital Value

£155,000.00

Less 10% for unimproved condition

£15,500.00

£139,500.00

PV in 95 years @ 12%

0.00002

(xii) £2.79

Capital Value of Participating flats

1 x £155,000	£155,000.00	
3 x 167,000	£501,000.00	
		£656,000.00
Less 10% for unimproved condition		£65,600.00
=	(xiii)	£590,400.00
Total of Future Interest (vii) + (viii) + (ix), (x), (xi), (xii), (xiii)		£591,701.56
	(3)	say £591,702
Future Interest minus Present Combined Interest		
£591,702 (3) - £576,654 (2)	(vi)	£15,047
Marriage Value 50% of (vi)	(4)	£7,523.50
Total amount payable to freeholder		
Landlords Present Interest (1) +		£4,254.82
50% Marriage Value (4)		£7,523.50
Total		£11,778.32

Notes to the Valuation

- (a) Years Purchase (YP) is considered to be an all risks yield, taking into consideration the following factors:

Multipliers used in any open market transactions include expectations of future capital windfall to the Landlord. The Enfranchisement Valuation quantifies the capital gain separately as Marriage Value. The Years Purchase used must therefore avoid double counting.

- (b) Values taken for current day open market prices are taken as average condition, mid way between best and worst prices reported recently.
- (c) The open market is extremely buoyant at the present such that estate agents are reporting no variations between prices obtained for 'Landlord' owned freehold or 'Residents' owned freehold.
- (d) Variations between these flats having 62 years remaining or a term exceeding 90 years is not as marked as might be expected. At this development we are able to provide specific evidence of 2 flats sold during 2006, one with an extended Lease and another with an unextended Lease. Analysis of the actual data shows the differential to be just 2.05%. The same estate agent sold both flats and described the condition to be similar. Other analysis for two 2 bedroom flats sold over a longer period shows difference of just 4%. However the difference is less informative over the longer period because the term also declined during the same period. We have therefore applied a mean difference of 3%. It appears likely that such low difference exists because these flats are at the lowest end of the market and any evidence at higher value developments would not be appropriate.

Experience suggests that there is no differential perceived by buyers until such time as Surveyors or Solicitors highlight the residue of a Lease as a potential problem. Hence, rather than a gradual decline in value of the Leasehold one observes a sudden loss equivalent to the cost of extracting a new extended Lease from the freeholder. Such cost appears to vary greatly depending upon the time of application. We have noted examples of excessive premiums where Leaseholders make such applications at the time of selling their Leasehold interest whereas premiums negotiated when neither parties has a special advantage, and the tenant has right of reference to a tribunal, appear to achieve far more equitable solutions.

We consider that the making of an application for enfranchisement also provides for an equitable solution.

The Act provides that tenant's improvements shall not be taken into consideration. Therefore values should be reduced to take into consideration central heating, fitted kitchens, double-glazing and sub-division of rooms. We have applied 10% to allow for this but the Tribunal may consider that 15% is more applicable.

Where a Lease has already been extended the yield has been adjusted accordingly and; as appropriate where the term exceeds 80 years, no allowance has been made for marriage value.

Present market value of 2 bedroom flats in Riversmeet is £155,000 & £167,000.

RIVERSMEET, HERTFORD SG14 1LF

Valuation for Submission to Leasehold Valuation Tribunal for enfranchisement prepared in accordance with the Leasehold Reform Housing and Urban Development Act 1993 (as amended by the Commonhold Act 2002) for collective purchase of the freehold by a properly constituted company acting on behalf of 50% or more of the leaseholders. The Date of Notice and hence the date for Valuation is 15th March 2006

Block 2-12 (even) Riversmeet	2 x 2 bedroom flats; 4 x 3 bedroom flats	Total: 6
Participating Tenants	Flats 2, 4 & 6 2 x 2 bedroom flats; 1 x 3 bedroom flat	Total: 3

PRESENT INTERESTS**Landlords Interest**

Rent received £18.90 (all six flats)

$$6 \times £18.90 = £113.40$$

62 years remaining @ YP 10%

9.9729

(i) £1130.93**Reversionary Value**

2 x £155,000

£310,000.00

+ 4 x £167,000

£668,000.00

=

£978,000.00

Less 10% for unimproved condition

£97,800.00

=

£880,200.00

PV in 62 years @ 10%

0.0027143

=

(ii) £2,389.13**Landlords Present Interest (i) + (ii)****(1) £3,520.06****Participating Tenants Interest**

2 x £150,000 + 1 x 162,000

£462,000.00

Less 10% for unimproved condition

£46,200.00

=

(a) £415,800.00**Combined present interests (1) + (a)**

£419,320.06

(2) say £419,320

Calculation of Marriage Value **FUTURE INTEREST**

Future Participating Tenants Interests

Rent Received £18.90

3 x £18.90

62 years remaining @ YP 10%

£56.70

9.9729

(iii) £565.46

Reversionary Value

3 x £167,000

£501,000.00

Less 10% for unimproved condition

£50,100.00

£450,900.00

PV in 62 years @ 10%

0.0027143

(iv) 1,223.88

Capital Value of Participating flats

2 x £155,000

£310,000.00

1 x 167,000

£167,000.00

Less 10% for unimproved condition

(v) £477,000.00

£47,700.00

£429,300.00

Total of Future Interest (iii) + (iv) + (v)

£431,089.34

(3) say £431,089

Future Interest minus Present Combined Interest

£431,089 (3) - £419,320 (2)

(vi) £11,769

Marriage Value 50% of (vi)

(4) £5,884.50

Total amount payable to freeholder

Landlords Present Interest (1) +

50% Marriage Value (4)

£3,520.06

£5,884.50

Total

£9,404.56

Notes to the Valuation

(a) Years Purchase (YP) is considered to be an all risks yield, taking into consideration the following factors:

Multipliers used in any open market transactions include expectations of future capital windfall to the Landlord. The Enfranchisement Valuation quantifies the capital gain separately as Marriage Value. The Years Purchase used must therefore avoid double counting.

(b) Values taken for current day open market prices are taken as average condition, mid way between best and worst prices reported recently.

(c) The open market is extremely buoyant at the present such that estate agents are reporting no variations between prices obtained for 'Landlord' owned freehold or 'Residents' owned freehold.

- (d) Variations between these flats having 62 years remaining or a term exceeding 90 years is not as marked as might be expected. At this development we are able to provide specific evidence of 2 flats sold during 2006, one with an extended Lease and another with an unextended Lease. Analysis of the actual data shows the differential to be just 2.05%. The same estate agent sold both flats and described the condition to be similar. Other analysis for two 2 bedroom flats sold over a longer period shows difference of just 4%. However the difference is less informative over the longer period because the term also declined during the same period. We have therefore applied a mean difference of 3%. It appears likely that such low difference exists because these flats are at the lowest end of the market and any evidence at higher value developments would not be appropriate.

Experience suggests that there is no differential perceived by buyers until such time as Surveyors or Solicitors highlight the residue of a Lease as a potential problem. Hence, rather than a gradual decline in value of the Leasehold one observes a sudden loss equivalent to the cost of extracting a new extended Lease from the freeholder. Such cost appears to vary greatly depending upon the time of application. We have noted examples of excessive premiums where Leaseholders make such applications at the time of selling their Leasehold interest whereas premiums negotiated when neither parties has a special advantage, and the tenant has right of reference to a tribunal, appear to achieve far more equitable solutions.

We consider that the making of an application for enfranchisement also provides for an equitable solution.

The Act provides that tenant's improvements shall not be taken into consideration. Therefore values should be reduced to take into consideration central heating, fitted kitchens, double-glazing and sub-division of rooms. We have applied 10% to allow for this but the Tribunal may consider that 15% is more applicable.

Where a Lease has already been extended the yield has been adjusted accordingly and; as appropriate where the term exceeds 80 years, no allowance has been made for marriage value.

Present market value of 2 bedroom flats in Riversmeet is £155,000 & £167,000.

RIVERSMEET, HERTFORD SG14 1LF

Valuation for Submission to Leasehold Valuation Tribunal for enfranchisement prepared in accordance with the Leasehold Reform Housing and Urban Development Act 1993 (as amended by the Commonhold Act 2002) for collective purchase of the freehold by a properly constituted company acting on behalf of 50% or more of the leaseholders. The Date of Notice and hence the date for Valuation is 15th March 2006

Block 13-23 (odd) Riversmeet	2 x 2 bedroom flats; 4 x 3 bedroom flats	Total: 6
Participating Tenants	Flats 13, 15, 23	Total: 3
	2 x 2 bedroom flats; 1 x 3 bedroom flat	

PRESENT INTERESTS**Landlords Interest**

Rent received £18.90 (five flats on original lease)

$$5 \times £18.90 = £94.50$$

62 years remaining @ YP 10%

9.9729

(i) £942.44

Reversionary Value

$$\begin{aligned} &2 \times £155,000 && £310,000.00 \\ &+ 3 \times £167,000 && £501,000.00 \\ &= && £811,000.00 \end{aligned}$$

Less 10% for unimproved condition

£81,100.00

= £729,900.00

PV in 62 years @ 10%

0.0027143

(ii) £1,981.17

One flat on new lease 97 years remaining

1 x £18.90

= £18.90

x 97 years remaining @ 12%

8.33

(iii) £157.44

Reversionary Value

Present Capital Value

£167,000.00

Less 10% for unimproved condition

£16,700.00

£150,300.00

PV in 95 years @ 12%

0.000016

(iv) £2.40

Landlords Present Interest (i),(ii), (iii),(iv)

(1) £3,083.45

Participating Tenants Interest

2 x £150,000 + 1 x £162,000

£462,000.00

Less 10% for unimproved condition

£46,200.00

(a) £415,800.00

Combined present interests (1) + (a)

£418,883.73

(2) say £418,884

Calculation of Marriage Value**FUTURE INTEREST****Future Participating Tenants Interests**

Rent Received in respect of 2 flats existing lease £18.90

2 x £18.90

£37.80

62 years remaining @ YP 10%

9.9729

(v) £378.97

Reversionary Value

2 x £167,000

£334,000.00

Less 10% for unimproved condition

£33,400.00

=

£330,600.00

PV in 62 years @ 10%

0.0027143

=

(vi) 815.92

Rent received in respect of one flat on new lease 97 years remaining

1 x £18.90

=

£18.90

x 97 years remaining @ 12%

8.33

(vii) £157.44

Reversionary Value

Present Capital Value

£155,000.00

Less 10% for unimproved condition

£15,500.00

=

£139,500.00

PV in 95 years @ 12%

0.00002

=

(viii) £2.79

Capital Value of Participating flats

2 x £155,000

£310,000.00

1 x 167,000

£167,000.00

Less 10% for unimproved condition

£477,000.00

£47,700.00

=

(ix) £429,300.00

Total of Future Interest (v), (vi), (vii), (viii), (ix)

£430,655.12

(3) say £430,655

Future Interest minus Present Combined Interest

£430,655 (3) - £418,884 (2)

(vi) £11,771

Marriage Value 50% of (vi)(4) £5,885.50

Total amount payable to freeholder

Landlords Present Interest (1) +

£3,083.72

50% Marriage Value (4)

£5,885.50

Total**£8,969.22**

Notes to the Valuation

- (a) Years Purchase (YP) is considered to be an all risks yield, taking into consideration the following factors:

Multipliers used in any open market transactions include expectations of future capital windfall to the Landlord. The Enfranchisement Valuation quantifies the capital gain separately as Marriage Value. The Years Purchase used must therefore avoid double counting.

- (b) Values taken for current day open market prices are taken as average condition, mid way between best and worst prices reported recently.
- (c) The open market is extremely buoyant at the present such that estate agents are reporting no variations between prices obtained for 'Landlord' owned freehold or 'Residents' owned freehold.
- (d) Variations between these flats having 62 years remaining or a term exceeding 90 years is not as marked as might be expected. At this development we are able to provide specific evidence of 2 flats sold during 2006, one with an extended Lease and another with an unextended Lease. Analysis of the actual data shows the differential to be just 2.05%. The same estate agent sold both flats and described the condition to be similar. Other analysis for two 2 bedroom flats sold over a longer period shows difference of just 4%. However the difference is less informative over the longer period because the term also declined during the same period. We have therefore applied a mean difference of 3%. It appears likely that such low difference exists because these flats are at the lowest end of the market and any evidence at higher value developments would not be appropriate.

Experience suggests that there is no differential perceived by buyers until such time as Surveyors or Solicitors highlight the residue of a Lease as a potential problem. Hence, rather than a gradual decline in value of the Leasehold one observes a sudden loss equivalent to the cost of extracting a new extended Lease from the freeholder. Such cost appears to vary greatly depending upon the time of application. We have noted examples of excessive premiums where Leaseholders make such applications at the time of selling their Leasehold interest whereas premiums negotiated when neither parties has a special advantage, and the tenant has right of reference to a tribunal, appear to achieve far more equitable solutions.

We consider that the making of an application for enfranchisement also provides for an equitable solution.

The Act provides that tenant's improvements shall not be taken into consideration. Therefore values should be reduced to take into consideration central heating, fitted kitchens, double-glazing and sub-division of rooms. We have applied 10% to allow for this but the Tribunal may consider that 15% is more applicable.

Where a Lease has already been extended the yield has been adjusted accordingly and; as appropriate where the term exceeds 80 years, no allowance has been made for marriage value.

Present market value of 2 bedroom flats in Riversmeet is £155,000 & £167,000.

RIVERSMEET, HERTFORD SG14 1LF

Valuation for Submission to Leasehold Valuation Tribunal for enfranchisement prepared in accordance with the Leasehold Reform Housing and Urban Development Act 1993 (as amended by the Commonhold Act 2002) for collective purchase of the freehold by a properly constituted company acting on behalf of 50% or more of the leaseholders. The Date of Notice and hence the date for Valuation is 15th March 2006

Block 25-35 (odd) Riversmeet	2 x 2 bedroom flats; 4 x 3 bedroom flats	Total: 6
Participating Tenants	Flats 25, 27, 29, 35	Total: 4
	2 x 2 bedroom flats; 2 x 3 bedroom flats	

PRESENT INTERESTS

Landlords Interest

Rent received £18.90 (all six flats)

$$6 \times £18.90 = £113.40$$

62 years remaining @ YP 10%

9.9729

(i) £1130.93

Reversionary Value

$$2 \times £155,000$$

£310,000.00

$$+ 4 \times £167,000$$

£668,000.00

=

£978,000.00

Less 10% for unimproved condition

£97,800.00

=

£880,200.00

PV in 62 years @ 10%

0.0027143

=

(ii) £2,389.13

Landlords Present Interest (i) + (ii)

(1) £3,520.06

Participating Tenants Interest

$$2 \times £150,000 + 2 \times £162,000$$

£624,000.00

Less 10% for unimproved condition

£62,400.00

=

(a) 561,600.00

Combined present interests (1) + (a)

£565,120.06

(2) say £565,120

Calculation of Marriage Value

FUTURE INTEREST

Future Participating Tenants Interests

Rent Received £18.90

$$2 \times £18.90$$

£37.80

62 years remaining @ YP 10%

9.9729

(iii) £376.97

Reversionary Value

$$2 \times £167,000$$

£334,000.00

Less 10% for unimproved condition

£33,400.00

=

£300,600.00

PV in 62 years @ 10%

0.0027143

=

(iv) 815.92

Capital Value of Participating flats

2 x £155,000	£310,000.00	
2 x 167,000	£334,000.00	
		£644,000.00
Less 10% for unimproved condition		£64,400.00
	=	(v) £579,600.00
Total of Future Interest (iii) + (iv) + (v)		£580,792.89
		(3) say £580,793
Future Interest minus Present Combined Interest		
£580,793 (3) - £565,120 (2)	(vi)	£15,673
Marriage Value 50% of (vi)	(4)	£7,836.50
Total amount payable to freeholder		
Landlords Present Interest (1) +		£3,520.06
50% Marriage Value (4)		£7,836.50
	Total	£11,356.56

Notes to the Valuation

- (a) Years Purchase (YP) is considered to be an all risks yield, taking into consideration the following factors:

Multipliers used in any open market transactions include expectations of future capital windfall to the Landlord. The Enfranchisement Valuation quantifies the capital gain separately as Marriage Value. The Years Purchase used must therefore avoid double counting.

- (b) Values taken for current day open market prices are taken as average condition, mid way between best and worst prices reported recently.
- (c) The open market is extremely buoyant at the present such that estate agents are reporting no variations between prices obtained for 'Landlord' owned freehold or 'Residents' owned freehold.
- (d) Variations between these flats having 62 years remaining or a term exceeding 90 years is not as marked as might be expected. At this development we are able to provide specific evidence of 2 flats sold during 2006, one with an extended Lease and another with an unextended Lease. Analysis of the actual data shows the differential to be just 2.05%. The same estate agent sold both flats and described the condition to be similar. Other analysis for two 2 bedroom flats sold over a longer period shows difference of just 4%. However the difference is less informative over the longer period because the term also declined during the same period. We have therefore applied a mean difference of 3%. It appears likely that such low difference exists because these flats are at the lowest end of the market and any evidence at higher value developments would not be appropriate.

Experience suggests that there is no differential perceived by buyers until such time as Surveyors or Solicitors highlight the residue of a Lease as a potential problem. Hence, rather than a gradual decline in value of the Leasehold one observes a sudden loss equivalent to the cost of extracting a new extended Lease from the freeholder. Such cost appears to vary greatly depending upon the time of application. We have noted examples of excessive premiums where Leaseholders make such applications at the time of selling their Leasehold interest whereas premiums negotiated when neither parties has a special advantage, and the tenant has right of reference to a tribunal, appear to achieve far more equitable solutions.

We consider that the making of an application for enfranchisement also provides for an equitable solution.

The Act provides that tenant's improvements shall not be taken into consideration. Therefore values should be reduced to take into consideration central heating, fitted kitchens, double-glazing and sub-division of rooms. We have applied 10% to allow for this but the Tribunal may consider that 15% is more applicable.

Where a Lease has already been extended the yield has been adjusted accordingly and; as appropriate where the term exceeds 80 years, no allowance has been made for marriage value.

Present market value of 2 bedroom flats in Riversmeet is £155,000 & £167,000.

Appendix 2 - Respondent's Surveyor's Valuation

THE LEASEHOLD REFORM, HOUSING URBAN AND DEVELOPMENT ACT 1993

DATE: 09/01/2007

PROPERTY
BLOCK 1-11Riversmeet, Hertford
FLAT 3 NOT PARTICIPATING

Valuation Date

15/03/2006

246

LEASE DETAILS

Commencement

29/09/1968

5.00%

Reversionary rate %

Term

99

7.50%

Capitalisation rate %

Expiry date

29/09/2067

Unexpired term

61.54

Rent receivable by landlord

£94.50

VALUES

No. of Flats

4

FHVP £150,000 each

£600,000

LHVP Relativity

85%

£510,000

No. of Flats

1

FHVP £140,000 each

£140,000

LHVP Relativity

85%

£119,000

VALUE OF FREEHOLDER'S INTEREST**FLATS 1, 5, 7, 9 AND 11****TERM**

LOSS OF RENT

£94.50

x YP

61.54 years @

7.50%

13.1778

£1,245

REVERSION

FHVP

£740,000

x PV

61.54 years @

5.00%

0.050

£36,743

Total £37,988

Valuation Date

15/03/2006

FLAT 3

LEASE DETAILS

Commencement

29/09/2001

5.00%

Reversionary rate %

Term

99

7.50%

Capitalisation rate %

Expiry date

29/09/2100

Unexpired term

94.54

Rent receivable by landlord

£150.00

£300.00

£600.00

VALUES

No. of Flats

1

FHVP £140,000 each

£140,000

LHVP Relativity

100%

£140,000

VALUE OF FREEHOLDER'S INTEREST**TERM 1**

LOSS OF RENT

£150.00

x YP

28.54 years @

7.50%

11.6411

£1,746

TERM 2

LOSS OF RENT

£300.00

x YP

33.00 years @

7.50%

12.1074

x PV

28.54 years @

7.50%

0.1269

£461 Cont'd...../

<u>TERM 3</u>	LOSS OF RENT			£600.00
	x YP	33.00 years @	7.50%	12.1074
	x PV	61.54 years @	7.50%	<u>0.0117</u>

£85

247

<u>REVERSION</u>	FHVP			£140,000
	x PV	94.54 years @	5.00%	<u>0.010</u>

£1,389

Total	£3,681
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Total Value of freeholder interest

Total	£41,669
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CALCULATION OF MARRIAGE VALUE

	Freehold in Possession Value (excluding flat 3)	£740,000
	Landlords' interest	£0
	Sum of Proposed Extended Lease Interests	£740,000
Less	Landlords' Present Interests (excluding flat 3)	£37,988
	Lessee's Present Interest	£629,000
		<u>£666,988</u>

Marriage Value

£73,012

Take	50% Marriage Value	<u>£36,506</u>
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PRICE PAYABLE TO FREEHOLDER

Plus	Value of Freehold Interest	£41,669
	Freeholders Share of Marriage Value	£36,506

Total	£78,175
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THE LEASEHOLD REFORM, HOUSING URBAN AND DEVELOPMENT ACT 1993

248

DATE: 09/01/2007

PROPERTY

Riversmead, Hertford

BLOCK 2-12

FLATS 8 AND 10 NOT PARTICIPATING

Valuation Date

15/03/2006

LEASE DETAILS

Commencement

29/09/1968

Term

99

Expiry date

29/09/2067

Unexpired term

61.54

Rent receivable by landlord

£94.50

5.00%

Reversionary rate %

7.50%

Capitalisation rate %

VALUES

No. of Flats

4

FHVP £150,000 each

£600,000

LHVP Relativity

85%

£510,000

No. of Flats

2

FHVP £140,000 each

£280,000

LHVP Relativity

85%

£238,000

VALUE OF FREEHOLDER'S INTEREST**FLATS 2-12****TERM**

LOSS OF RENT

x YP

61.54 years @

7.50%

£113.40

13.1778

£1,494

REVERSION

FHVP

x PV

61.54 years @

5.00%

£880,000

0.050

£43,694

Total £45,188**CALCULATION OF MARRIAGE VALUE**

Freehold in Possession Value (excl flats 8 & 10)

£580,000

Landlords' interest

£0

Sum of Proposed Extended Lease Interests

£580,000

Less

Landlords' Present Interests (excl flats 8 & 10)

£29,794

Lessee's Present Interest

£493,000

£522,794

Marriage Value

£57,206

Take

50% Marriage Value

£28,603**PRICE PAYABLE TO FREEHOLDER**

Plus Value of Freehold Interest

£45,188

Freeholders Share of Marriage Value

£28,603

Total £73,791

THE LEASEHOLD REFORM, HOUSING URBAN AND DEVELOPMENT ACT 1993

249

DATE: 09/01/2007
PROPERTY Riversmead, Hertford
BLOCK 13-23 **FLATS** 17, 19, 21 NOT PARTICIPATING
Valuation Date 15/03/2006

LEASE DETAILS

Commencement	29/09/1968	5.00%	Reversionary rate %
Term	99	7.50%	Capitalisation rate %
Expiry date	29/09/2067		
Unexpired term	61.54		
Rent receivable by landlord	£94.50		

VALUES

No. of Flats	3
FHVP	£150,000 each
LHVP	£382,500
No. of Flats	2
FHVP	£140,000 each
LHVP	£238,000
Relativity	85%

VALUE OF FREEHOLDERS INTEREST

FLATS 13, 15, 17, 19 AND 23

TERM	LOSS OF RENT	
x YP	61.54 years @	7.50%
		£94.50
		13.1778
		£1,245
REVERSION	FHVP	
x PV	61.54 years @	5.00%
		£730,000
		0.050
		£36,246

Total £37,491

Valuation Date 15/03/2006
FLAT 21

LEASE DETAILS

Commencement	29/09/2001	5.00%	Reversionary rate %
Term	99	7.50%	Capitalisation rate %
Expiry date	29/09/2100		
Unexpired term	94.54		
Rent receivable by landlord	£18.90		

VALUES

No. of Flats	1
FHVP	£150,000 each
LHVP	£150,000
Relativity	100%

VALUE OF FREEHOLDERS INTEREST

TERM	LOSS OF RENT	
x YP	94.54 years @	7.50%
		£18.90
		13.3190
		£252
REVERSION	FHVP	
x PV	94.54 years @	5.00%
		£150,000
		0.010
		£1,489

Total £1,740

Total Value of freeholders interest £39,232 Cont'd...../

CALCULATION OF MARRIAGE VALUE

250

	Freehold in Possession Value (excl. 17, 19 21)	£430,000	
	Landlords' interest	£0	
	Sum of Proposed Extended Lease Interests		£430,000
Less	Landlords' Present Interests (excl. 17, 19, 21)	£22,098	
	Lessee's Present Interest	£365,500	
			£387,598
			<hr/>
Marriage Value		£42,402	

Take 50% Marriage Value **£21,201**

PRICE PAYABLE TO FREEHOLDER

	Value of Freehold Interest	£39,232	
Plus	Freeholders Share of Marriage Value	£21,201	
			<hr/>
		Total	£60,433

THE LEASEHOLD REFORM, HOUSING URBAN AND DEVELOPMENT ACT 1993

251

DATE: 09/01/2007**PROPERTY**

Riversmeet, Hertford

BLOCK 25-35

FLATS 31 AND 33 NOT PARTICIPATING

Valuation Date**15/03/2006****LEASE DETAILS****Commencement****29/09/1968****5.00%**

Reversionary rate %

Term**99****7.50%**

Capitalisation rate %

Expiry date**29/09/2067****Unexpired term****61.54****Rent receivable by landlord****£94.50****VALUES****No. of Flats****4****FHVP £150,000 each****£600,000****LHVP Relativity****85%****£510,000****No. of Flats****2****FHVP £140,000 each****£280,000****LHVP Relativity****85%****£238,000****VALUE OF FREEHOLDER'S INTEREST****FLATS 25-35****TERM****LOSS OF RENT****x YP****61.54 years @****7.50%****£113.40****13.1778****£1,494****REVERSION****FHVP****x PV****61.54 years @****5.00%****£880,000****0.050****£43,694****Total £45,188****CALCULATION OF MARRIAGE VALUE****Freehold in Possession Value (excl flats 31 & 33)****£580,000****Landlords' interest****£0****Sum of Proposed Extended Lease Interests****£580,000****Less****Landlords' Present Interests (excl flats 31 & 33)****£29,794****Lessee's Present Interest****£493,000****£522,794****Marriage Value****£57,206****Take****50% Marriage Value****£28,603****PRICE PAYABLE TO FREEHOLDER****Plus Value of Freehold Interest****£45,188****Freeholders Share of Marriage Value****£28,603****Total £73,791**

Appendix 3 - Tribunal's Valuation

Valuation for Riversmeet, Hertford SG14 1LF

Block 1 - 11

Valuation date:	15/3/06 (agreed)
Unexpired term except for flat 3:	61.5 years (agreed)
Flat 3	94.5 years
Ground rent £18.90 per annum except for	
Ground rent flat 3: £150 / £300 / £600 per annum	
Freehold value unimproved of 3 bed flat:	£150,000 (agreed)
Freehold value unimproved of 2 bed flat:	£140,000 (agreed)
Existing lease value of 3 bed flat:	£141,000
Existing lease value of 2 bed flat:	£131,600
Relativity (except Flat 3):	94%
Yield on term except flat 3:	9%
Yield on term flat 3:	8%
Yield on reversion:	5%

Value of freeholder's interest:

Flats 1 (1 x 2 bed), 5, 7, 9, 11 (4 x 3 bed)

Term	£18.90 p.a. x 5	94.50		
YP for 61.5 years at 9%		<u>11.0556</u>	1,045	
Reversion: 1 x 140,000 + 4 x 150,000		740,000		
PV in 61.5 years at 5%		<u>0.04977</u>	36,830	37,875

Flat 3 (1 x 2 bed)

Term	150		
YP for 28.5 years @ 8%	<u>11.1047</u>	1,666	

Term	300		
YP for 33 years @ 8 %	11.5139		
PV 28.5 years @ 8%	<u>0.11162</u>	1.2852	386

Term	600		
YP for 33 years @ 8%	11.5139		
PV for 61.5 years	<u>0.0088</u>	0.1013	61

Reversion	140,000		
PV in 94.5 years @ 5%	<u>0.009948</u>	1,393	3,506

Marriage Value:

Freehold value of participating flats 1, 7 and 9		440,000	
Less: Existing lease value 94%	413,600		
Freeholder's present interest in these flats	<u>22,526</u>	436,126	
		3,874	

Freeholder's share of marriage value		<u>1,937</u>	
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Price Payable to Freeholder		<u><u>£43,318</u></u>	
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Valuation for Riversmeet, Hertford SG14 1LF
Block 2 - 12

Valuation date: 15/3/06 (agreed)
 Unexpired term : 61.5 years (agreed)
 Ground rent £18.90 per annum
 Freehold value unimproved of 3 bed flat: £150,000 (agreed)
 Freehold value unimproved of 2 bed flat: £140,000 (agreed)
 Existing lease value of 3 bed flat: £141,000
 Existing lease value of 2 bed flat: £131,600
 Relativity: 94%
 Yield on term: 9%
 Yield on reversion: 5%

Value of freeholder's interest:

Flats 2, 4 (2 x 2 bed), 6, 8, 10, 12 (4 x3 bed)

Term	£18.90 pa x 6	113.40	
YP for 61.5 years at 9%		<u>11.0556</u>	1,254

Reversion: 2 x 140,000 + 4 x 150,000	880,000		
PV in 61.5 years at 5%	<u>0.04977</u>	43,798	45,052

Marriage Value:

Freehold value of participating flats 2, 4, 6		430,000	
Less: Existing lease value 94%	404,200		
Freeholder's present interest in these flats	<u>22,028</u>	<u>426,228</u>	
		3,772	

Freeholder's share of marriage value			<u>1,886</u>
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Price payable to Freeholder			<u><u>£46,938</u></u>
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Valuation for Riversmeet, Hertford SG14 1LF
Block 13 - 23

Valuation date: 15/3/06 (agreed)
Unexpired term except for flat 21: 61.5 years (agreed)
Flat 21 95 years
Ground rent £18.90 per annum except for
Ground rent flat 21: £100 / £200 / £300 per annum
Freehold value unimproved of 3 bed flat: £150,000 (agreed)
Freehold value unimproved of 2 bed flat: £140,000 (agreed)
Existing lease value of 3 bed flat: £141,000
Existing lease value of 2 bed flat: £131,600
Relativity (except Flat 21): 94%
Yield on term except flat 21: 9%
Yield on term flat 21: 8%
Yield on reversion: 5%

Value of freeholder's interest:

Flats 13, 15 (2 x 2 bed), 17, 19, 23 (3 x 3 bed)

Term	£18.90 p.a. x 5	94.50	
YP for 61.5 years at 9%		<u>11.0556</u>	1,045

Reversion: 2 x 140,000 + 3 x 150,000	730,000		
PV in 61.5 years at 5%	<u>0.04977</u>	<u>36,332</u>	37,377

Flat 21 (1 x 3 bed)

Term	100	
YP for 29 years @ 8%	<u>11.1584</u>	1,116

Term	200	
YP for 33 years @ 8 %	11.5139	
PV 29 years @ 8%	<u>0.1073</u>	<u>1.24</u>
		248

Term	300	
YP for 33 years @ 8%	11.5139	
PV for 62 years @ 8%	<u>0.00847</u>	<u>0.0975</u>
		29

Reversion	150,000	
PV in 95 years @ 5%	<u>0.009705</u>	<u>1,456</u>
		2,849

Marriage Value:

Freehold value of participating flats 13, 15, 23		430,000
Less: Existing lease value 94%	404,200	
Freeholder's present interest in these flats	<u>22,028</u>	<u>426,228</u>
		3,772

Freeholder's share of marriage value		<u>1,886</u>
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Price payable to Freeholder		<u><u>£42,112</u></u>
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Valuation for Riversmeet, Hertford SG14 1LF
Block 25 - 35

Valuation date: 15/3/06 (agreed)
 Unexpired term : 61.5 years (agreed)

Freehold value unimproved of 3 bed flat: £150,000 (agreed)
 Freehold value unimproved of 2 bed flat: £140,000 (agreed)
 Ground rent £18.90 per annum
 Existing lease value of 3 bed flat: £141,000
 Existing lease value of 2 bed flat: £131,600
 Relativity: 94%
 Yield on term: 9%
 Yield on reversion: 5%

Block 25-35: Existing lease value of 3-bed flat should read £141,000. Existing lease value of 2-bed flat should

Value of freeholder's interest:

Flats 25, 27 (1x 2 bed) 29, 31, 33, 35 (4 x3 bed)

Term	£18.90 pa x 6	113.40	
YP for 61.5 years at 9%		<u>11.0556</u>	1,254

Reversion: 2 x 140,000 + 4 x 150,000	880,000		
PV in 61.5 years at 5%	<u>0.04977</u>	<u>43,798</u>	45,052

Marriage Value:

Freehold value of participating flats 25, 27, 29		430,000
Less: Existing lease value 94%	404,200	
Freeholder's present interest in these flats	<u>22,028</u>	<u>426,228</u>
		3,772

Freeholder's share of marriage value		<u>1,886</u>
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Price payable to Freeholder		<u><u>£46,938</u></u>
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