

Ref: LON/ENF/822-3/03

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT
PANEL

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

Applicant: Granville Place Properties Ltd (nominee purchaser)

Respondent: Menin Investments Ltd (landlord)

RE: 1-31a and 32-73a Granville Place, High Road, London N12

Applications to Tribunal by Jennifer Israel & Co dated 14 March 2003

Heard: Wednesday 28 May 2003

Appearances: Mr B R Maunder Taylor FRICS MAE, Maunder Taylor
for the nominee purchaser

Mr T Dutton, Counsel
Mr P Glover FRICS MCI Arb, Glovers
Mr G Sharpe, Sharpe & Co
for the landlord

Members of the Leasehold Valuation Tribunal:

Miss L M Tagliavini BA (Hons) DipLaw LLM (Chairman)
Mr D L Edge FRICS
Mr T N Johnson FRICS

Nominee purchaser's section 13 notices dated: 6 November 2002

Landlord's section 21 counter-notices dated: 9 January 2003

Valuation date: 9 January 2003

Leasehold Valuation Tribunal's determination : (1-31a) £298,440
(32-73a) £399,540

Date of Tribunal's decision: 05 SEP 2003

1-31a & 32-73a Granville Place
High Road,
London N12 OAX

THE TRIBUNAL'S DECISION

1. This is an application by the nominee purchaser Granville Place Properties Ltd. seeking the determination of the Leasehold Valuation Tribunal as to the price to be paid for the enfranchisement of the subject premises. The Respondent landlord is Menin Investments Limited.
2. The subject premises comprise two blocks of purpose built flats that form part of the estate known as Granville Place. The flats were originally constructed in the 1930s on three floors but in its more recent history the roof space has been converted into further flats. The flats are held on 99 years leases from 25 December 1977. In addition to the initial ground rent the leases have a provision whereby from 2004 the initial ground rent is not only increased to an additional fixed sum but will increase thereafter at set intervals by the amount at which the index of Retail Prices increases.
3. The Tribunal inspected the subject premises on 16th June 2003.

4. At the hearing of the application held on 28th May 2003 the Applicant was represented by Mr B R Maunder Taylor FRICS MAE of the firm Maunder Taylor and instructed by Jennifer Israel Solicitors. Mr T Dutton of counsel instructed by Sharpe & Co. represented the Respondent. Mr P Glover FRICS MCI Arb of Glovers gave evidence on behalf of the Respondent as an expert witness. Oral evidence was also given by Mr Sharpe, Solicitor. At the Tribunal's request written submissions in closing were later received from the parties.

5. The issues the Tribunal are asked to decide are:

- (i) The appropriate yield rate to be used for capitalisation and deferment.
- (ii) Relativity i.e. the value of each flat subject to its existing short lease relative to the value of the flat with a very long lease.
- (iii) Whether there was any hope value to be included in the calculation of the landlord's interest.
- (iv) The service charge provision in the lease-back of the two retained flats 61 and 71.

Any other issues had been agreed in the Statement of Agreed Facts and Issues;
see Appendix I.

The Applicants Case

6. It was asserted on behalf of the Applicant by Mr Maunder Taylor that:
- (i) The yield rate is 8%.
 - (ii) Relativity is 92%.
 - (iii) No investor would pay any hope value for the non participating flats.
 - (iv) The price payable is £270,011 (flats 1-31a) and £364,266 (Flats 32-73a);
see Appendix II for the amended valuation.
 - (v) The terms of the lease should be varied to reflect the current difficulty with the service charge provisions.
7. In support of these assertions Mr Maunder Taylor produced a written statement of submissions and expert opinion in his report in addition to the Bundle of Documents provided to the Tribunal. In support of his assertion that the yield rate should be 8%, Mr Maunder Taylor stated in evidence that but for the unusual ground rent provision linked to the retail price index the yield rate would ordinarily be 9% per annum for properties such as these. Mr Maunder Taylor relied upon a number of previous LVT and LT decisions namely Campana Court, Barnet *LRA/21/2000* where the yield rate was determined at 9% where there was about 69 years remaining on flats in a more valuable location than the subject premises; 163 St Albans Avenue, where the yield rate was decided as being appropriate at 10%; Hampden Court, where a block of 30 flats with leases varying from 31.5 years to 73.5 years unexpired where most leases were reviewed every 33 years to fixed increases;

Willowdene 1498 High Road, Barnet N20, where a block of 12 flats with 62 years unexpired where a 9% yield rate was agreed between Mr Maunder Taylor and R. Mecklenburgh FRICS on behalf of the landlord.

8. Mr Maunder Taylor asserted that the percentage rate which would be appropriate without any retail price indexation of the ground rent increases should be adjusted by 1% in favour of the landlord. He referred to Denison Close on the Hampstead Garden Suburb Estate where the ground rent rose by reference to the RPI and the LVT determined a yield rate of 7%.
9. On relativity Mr Maunder Taylor stated that as there was no evidence of sales of leases there is no means by which the valuers can make a direct comparison. However, Mr Maunder Taylor referred the Tribunal to the sale of flat 18 which was sold on a new lease in May 2001 having 69.5 years unexpired for £129,000 (although marketed at £124,500) and said by the selling agent to whom Mr Maunder Taylor spoke to have been sold "at full value".
10. Mr Maunder Taylor referred the Tribunal to the previous decision already cited at Campana Court in support of his assertion that 92% relativity was appropriate in this case. He also asserted that the 90% relativity proposed by the Respondent was more appropriate in cases where there 62 or 63 years

unexpired on the lease as in Byland Close and Willowdene 1498 High Road N20.

11. On hope value Mr Maunder Taylor again referred to the sale of flat 18 and Campana Court. In the latter the Lands Tribunal determined nil hope value for a non participating flat with 69 years unexpired. Mr Maunder Taylor asserted that like the examples cited it was not appropriate to determine any hope value for the non participating flats as the term of the unexpired leases was too long at 68 years. Were the term 65 years unexpired Mr Maunder Taylor accepted that some hope value might be payable, as it at that point that the marriage value payable becomes a reasonably significant figure and a competing investor would expect to have to pay something towards it. However, Mr Maunder Taylor accepted that some hope value may be payable in respect of flats 36a and 65, the owners of which had previously made inquiries about a lease extension. In respect of these two flats Mr Maunder Taylor conceded that hope value should be at 15% of full marriage value following the Lands Tribunal reasoning in Westmere Drive, N7, there having been 60.75 years unexpired in that case.

12. In respect of the issue of the terms of the lease of the leaseback of flats 61 and 71. Mr Maunder Taylor asserted that the current terms of the lease were unclear and confusing in relation to payment of service charges. In cross-examination by Mr Dutton and after an explanation of the provisions of the

reserve fund had been given, Mr Maunder Taylor appeared to then accept that the terms of the lease were satisfactory. However, in his written submission Mr Maunder Taylor maintained that the lease as drafted did not make proper provision for a reserve fund and that a funding deficit would always be a problem when unusual major works became necessary particularly for a non profit making nominee company formed for enfranchisement purposes with little or no capital asset backing.

The Respondent's Case

13. It was asserted on behalf of the Respondent that:

- (i) The yield rate is 7%.
- (ii) The relativity is 90%.
- (iii) The Respondent contends for 25% of the marriage value entitlement in respect of hope value.
- (iv) The enfranchisement price is £357,880 (Flats 1-31a) and £489,693 (Flats 32-73a). *See Appendix III.*
- (v) The terms of the lease in respect of the service charge provisions functioned perfectly well.

14. In support of the Respondent's arguments in respect of the yield rate Mr Glover also referred the Tribunal to Campana Court, Barnet where the LVT

and Lands Tribunal accepted a yield rate of 9% as at January 1999. Mr Glover asserted that the present ground rental income on Granville Place represented a significant amount of money and that the increases in line with the RPI would generate an income stream guaranteed against inflation and make the subject properties an attractive prospect. Mr Glover asserted that yield rates of 6% are being agreed in respect of properties in central London although he accepted that Granville Place is not such a property or location. Under cross-examination Mr Glover expressed the view that the appropriate yield rate in respect of the subject premises was between 8% and 8.5% thereby differing from his written evidence stating it was 7%.

15. On relativity Mr Glover asserted that 90% was the appropriate percentage to be applied and in support brought the Tribunal's attention was drawn to the graph said to demonstrate the Leasehold Valuation Tribunal Decisions where a "best fit" curved line purported to demonstrate the relativity factor. Mr Glover also relied on his personal knowledge and experience in the area of Finchley that a demand exists among lessees to seek an extension of leases to more than 68 years. Mr Glover cited examples to the Tribunal of blocks with which he had been involved (*Tab 12*) as evidence that once the term of the lease had been reduced to 68 years there was a steady demand for longer leases.

16. Mr Glover stated that there were seven benefits to be taken into account when considering the relative value between the existing leases and ones with a 999

year term and a share of the freehold all of which would apply in this case and that therefore he would attribute a differential value of 91% to the existing leases at Granville Place but would discount this by 1% to take account of the somewhat onerous future ground rent payment provisions.

17. On hope value Mr Glover stated in evidence that he believed that this should equate to 25% of the marriage value to be released on the extension of all leases of non-participating flats. During cross-examination however, Mr Glover accepted that a lower rate may be appropriate but nevertheless maintained that some hope value for all the non-participants was appropriate particularly in light of the insurance provisions in favour of the landlord and in contrast to Mr Maunder Taylor's approach of allowing for hope value in just two of the non-participating flats.

18. On the issue of whether the terms of the lease should be varied Mr Sharpe gave evidence that to his knowledge there had not been any query raised or problem encountered with the terms of the lease during the course of his dealings as a conveyancing solicitor with the subject premises since 1993. Mr Sharpe stated that he had no difficulty in advising his clients proposing to take a lease of a flat at the subject premises that the terms as drafted were acceptable and to his knowledge there had been no litigation in respect of these terms.

The Tribunal's Decision

19. In reaching its decision the Tribunal had careful regard to all the oral and documentary evidence adduced by both parties and to its own inspection of the subject premises.

Yield Rate

20. The Tribunal were of the opinion that this property is in the 7%-9% range and that with Mr Glover's admission the parties were at the most only 0.5% apart. The Tribunal having inspected the subject premises are of the opinion that the starting point in respect of the subject property is 9%. However, in the Tribunals' opinion there is a reasonable likelihood of there being lease extensions to leases having 68 years unexpired within the next five years and consequently the property would present as being slightly more attractive to investors than might otherwise be the case.

21. Further, the Tribunal had regard to the fact that both experts for the respective parties agreed that the yield rate would not be lower than 8%. Taking all relevant matters raised into consideration it is the Tribunal's view that an 8% per annum yield is a good reflection of the ground rents collectable for the subject premises and, without seeking to double count, a reflection of the likelihood of there being lease extensions sought within the next five years.

Relativity

22. On this issue the parties were again not far apart with Mr Glover conceding that it could reasonably be as much as 91% in contrast to the 90% asserted in his report. The Tribunal having had the benefit of an external inspection could see that the subject premises could not be considered as high value flats but more likely as a quasi-local authority type property. The Tribunal did not regard the sale of flat 18 as convincing evidence and were not satisfied that Mr Maunder Taylor's assertion that the selling agent had told him it had been sold at "full value" was a meaningful statement. The Tribunal attribute little weight to the uncorroborated evidence of the sale of flat 18 and note there was no written evidence in respect of the price of a similar flat with a longer lease. There was a lack of persuasive evidence from either party on this issue and therefore, the Tribunal doing the best it can on the limited evidence provided by the parties determines that the appropriate relativity is 91%. The Tribunal was somewhat surprised and disappointed that no agreement between the parties had been reached on this issue in light of the small amount of difference between them.

Hope Value

23. The Tribunal did not regard the documentary evidence produced in respect of the possible lease extension of flats 36a and flat 65 as convincing evidence of an intention to purchase a lease extension but consider it to be rather a preliminary inquiry at best as to the possibility of such an extension. In determining hope value the Tribunal were not persuaded by Mr Maunder

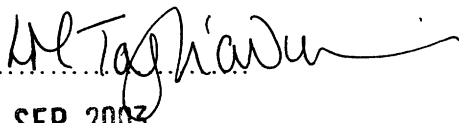
Taylor's argument that there was no hope value in respect of the other non-participating flats but only 15% hope value in respect of flat 36a and flat 65. The Tribunal accepted that there was some hope value in respect of all the non-participating flats but were not sufficiently persuaded by Mr Glover's arguments that it was 25% particularly in light of his concession in cross examination that this was possibly too high a figure. The Tribunal were however, assisted by the Table produced by Mr Glover at Tab 12 of his report and in light of that were again somewhat surprised no agreement had been reached between the parties on this issue also. The Tribunal therefore doing the best in can on the evidence before it and having regard to its knowledge skill and expertise determines that 10% hope value for all non-participating flats is the appropriate figure.

Terms of the Lease.

24. In light of Mr Maunder Taylor's apparent concession in cross-examination that the terms of the lease, once properly explained did not present a problem. The Tribunal found Mr Sharpe's evidence on his dealings with leases for the subject premises to be persuasive and the Tribunal was satisfied that the Applicant had failed to make its case for a change in the terms of the lease as proposed. Accordingly, the Tribunal determines that the terms of the lease remain as originally drawn.

25. In conclusion the Tribunal determines the enfranchisement of the subject premises as £298,440 (Flats 1-31a) and £399,540 (Flats 32-73a); *see Appendix IV for the calculations.*

Chairman:.....



Dated: 05 SEP 2003.....

STATEMENT OF AGREED FACTS AND ISSUES
1-31A GRANVILLE PLACE, HIGH ROAD, LONDON N12

1. The parties are agreed that the valuation date is 9 January 2003.
2. The parties are agreed that all leases are for 99 years from 25 December 1971 and therefore, for calculation purposes, having 68 years unexpired.
3. The parties are not agreed as to the yield rate for capitalising the ground rents and deferring the reversion:
The tenants contend for 8% p.a.
The landlord contends for 7% p.a.
4. The parties are agreed that the aggregate ground rent income for the **participating flats** is:
At present £2,850 p.a.
Rising in December 2004 to £4,540 p.a.
Rising in December 2037 to £6,911.25 p.a.
5. The parties are agreed that the aggregate ground rents for the **non-participating flats** are as follows:
At present £500 p.a.
Rising in December 2004 to £870 p.a.
Rising in December 2037 to £1,340 p.a.
6. The parties are agreed that the market value of the flats subject to their existing leases and ignoring tenants' improvements is as shown on the attached schedule.
7. There is an issue between the parties as to the relative value of the flats with their existing leases, compared with the value of the flats after enfranchisement.
The tenants contend for 92% relativity
The landlord contends for 90% relativity
8. There is an issue between the parties as to hope value for the non-participating flats.
The tenants contend for nil hope value
The landlord contends for 25% of the marriage value entitlement.
9. The parties are agreed that there is nil compensation payable under Paragraph 2(1)(c) of Schedule 6 of the 1993 Act.
10. The parties are agreed that the participating tenants will acquire the freehold interest of the Lodge at Granville Place let for 125 years from 29.9.1996 at peppercorn ground rent.
11. The parties are agreed that the reasonable valuation fee covering the valuation work for both blocks is £2,614.38 including VAT.
12. The parties are ~~are not~~ (delete as appropriate) agreed as to the reasonable legal fees which are recoverable by the landlord.
13. The parties are agreed that the Transfer is to be agreed between the solicitors.
14. The parties are agreed that the freehold of Garages 7, 9, 11 and 12 will be included in the enfranchisement with a leaseback to the reversioner for 999 years at a peppercorn ground rent.

.....
B R MAUNDER TAYLOR

Dated.....

Amended 13 May 2003

.....
P L GLOVER

Dated 15/5/03.....

STATEMENT OF AGREED FACTS AND ISSUES
32-73A GRANVILLE PLACE, HIGH ROAD, LONDON N12

1. The parties are agreed that the valuation date is 9 January 2003.
2. The parties are agreed that all leases are for 99 years from 25 December 1971 and therefore, for calculation purposes, having 68 years unexpired.
3. The parties are not agreed as to the yield rate for capitalising the ground rents and deferring the reversion:
The tenants contend for 8% p.a.
The landlord contends for 7% p.a.
4. The parties are agreed that the aggregate ground rent income for the **participating flats** is:
At present £3,560.32 p.a.
Rising in December 2004 to £5,405.32 p.a.
Rising in December 2037 to £7,752.82 p.a.
5. The parties are agreed that the aggregate ground rents for the **non-participating flats** are as follows:
At present £875 p.a.
Rising in December 2004 to £1,472.50 p.a.
Rising in December 2037 to £2,408.75 p.a.
6. The parties are agreed that the market value of the flats subject to their existing leases and ignoring tenants' improvements is as shown on the attached schedule
7. There is an issue between the parties as to the relative value of the flats with their existing leases, compared with the value of the flats after enfranchisement.
The tenants contend for 92% relativity
The landlord contends for 90% relativity
8. There is an issue between the parties as to hope value for the non-participating flats.
The tenants contend for nil hope value
The landlord contends for 25% of the marriage value entitlement.
9. The parties are agreed that there is nil compensation payable under Paragraph 2(1)(c) of Schedule 6 of the 1993 Act.
10. The parties are agreed that the reversioner will take a lease back on Flats 61 and 71 for 999 years at peppercorn ground rent.
11. The parties are agreed that the reasonable valuation fee covering the valuation work for both blocks is £2,614.38 including VAT.
12. The parties are/are not (delete as appropriate) agreed as to the reasonable legal fees which are recoverable by the landlord.
13. The parties are agreed that the Transfer is to be agreed between the solicitors.
14. The parties are agreed that the freehold of Garages 18, 20, 21, 23, 26, 27, 28, 30, 31, 34, 36, 37, 44, 45 and 47 will be included in the enfranchisement with a leaseback to the reversioner for 999 years at a peppercorn ground rent.
15. The landlord contends that Flats 36A and 65 should be included in the enfranchisement and marriage value paid for them.

.....
B R MAUNDER TAYLOR

Dated.....

Amended 13 May 2003

.....
P L GLOVER

Dated..... 15/5/03.....

M. Maund - Taylor (Amended Valuation) Appendix II

1-31a GRANVILLE PLACE

PARTICIPATING FLATS

Ground rent annually
YP @ 8% for 1 years

1.783 £2850
0.926
~~£2,839~~ / 5082 £2839 / 5082
£4540

Rising to:

YP @ 8% for 33 years
PV of £1 deferred 1 year @ 8%

11.514
0.8573388 ~~0.9259259~~ 9.8714
9.8714 10.6611 ~~10.6611~~
£48,401 / 44816 £48,401 / 44816
6911.25

Rising to:

YP @ 8% for 33 years
PV of £1 deferred 35 years @ 8%

11.514
0.0676345 ~~0.0730453~~ 0.77874
0.77874 0.84104 ~~0.84104~~
/ 5382 £5813
£5813 / 5382
~~£56,853~~ / 55,280

NON PARTICIPATING FLATS

Ground rent annually
YP @ 8% for 1 year

1.783 £500
0.926
~~£463~~ / 892 £463 / 892
£870

Rising to

Capitalisation factor as above

9.874 10.6611
~~£9,275~~ / 8590 £9275 / 8,590
£1,340

Rising to

Capitalisation factor

0.77874 0.84104
/ 1044 £1,127
£10,805 / 10,526

PARTICIPATING FLATS

Reversion to: existing value ÷ 92 x 100
PV of £1 deferred 68 years @ 8%

5255,435
0.0053356
£28,041 £28,041

NON PARTICIPATING FLATS

Reversion to £1,290,000 ÷ 92 x 100
PV of £1 deferred 68 years @ 8%

£1,402,174
0.0053356
£7,481 £7,481

MARRIAGE VALUE

Long lease of participating flats

£5,255,435

LESS

Existing lease values

(£4,835,000)

Ground rent values (participating flats)

(£56,853) / 55, 280

Reversionary values (participating flats)

(£28,041)

MARRIAGE VALUE

£335,541 / 337,114

50% MARRIAGE VALUE

£167,771

BRING FORWARD TOTAL OF PAGE 1

TOTAL PAYABLE

✓ 168,557
£167,771
✓ 161,328
£103,240

✓ 269,885
£271,011

Pay £270,000

32-73a GRANVILLE PLACE

PARTICIPATING FLATS

Ground rent annually
YP @ 8% for 1 year

	£3560.32	
1.783	0.026	
	£3,297 £6,348	£3,297 £6,348

Rising to
Capitalisation rate

	£5,405.32	
9.8714	10.6611	
	£57,627 £53,358	£57,627 £53,358

Rising to
Capitalisation rate

	£7,752.82	
0.77874	0.84104	
	£6,520 £6,037	£6,520 £6,037
		£67,444 £65,743

NON PARTICIAPTING FLATS

Ground rent annually
YP @ 8% for 1 year

	£875	
1.783	0.026	
	£810 £1,560	£810 £1,560

Rising to:
Capilisation rate

	£1,472.50	
9.8714	10.6611	
	£15,698 £14,536	£15,698 £14,536

Rising to
Capitalisation rate

	£2,408.75	
0.77874	0.84104 £1,876	
	£2,026	£2,026 £1,876
		£18,534 £17,972

PARTICIPATING FLATS

Reversion to £6,460,000 ÷ 92 x 100
PV of £1 deferred 68 years @ 8%

£7,021,739	
<u>0.0053356</u>	
<u>£37,465</u>	<u>£37,465</u>

NON PARTICIPATING FLATS

Reversion to £1,835,000 ÷ 92 x 100
PV of £1 deferred 68 years @ 8%

£1,994,565	
<u>0.0053356</u>	
<u>£10,642</u>	<u>£10,642</u>

MARRIAGE VALUE

Long lease values of participating flats

£7021,739

LESS

Existing lease values of participating flats

(£6,460,000)

Ground rent values of participating flats

~~£67,444~~ (£65,743)

Reversionary values

(£37,465)

MARRIAGE VALUE

~~£458,830~~ £458,531

50% marriage value

~~£228,415~~ £229,266

BRING FORWARD TOTAL OF PAGE 3

~~£134,085~~ £131,822

TOTAL PAYABLE

~~£362,500~~ £361,088

for

Hope value flats 65+ 36A

Long lease values:

£315,217

LESS

Existing lease values £170,000 - £120,000

(£290,000)

Ground rent values

(£2,348)

Reversionary values: £315,217 x 0.0053356

(£1,682)

Ground rents:

50+ 75

£125
1.783
£223 £223

full mt. £21,187

15% mt. £3,178

£3,178

£364,266

50+ 112.50

£192.5
9.8714
£1900 £1900

120+ 168.75

£288.75
0.77874
£225 £225
£2348

1-31a Granville Place, High Road, Finchley, London N12
Leasehold Reform Housing and Urban Development Act 1993 as amended
Purchase price payable by Nominee Purchaser in accordance with Schedule 6
Date of Valuation "The relevant date": 9 January 2003
All leases for 99 years from 25 December 1971 - 68 years unexpired

i) Paragraph 2(1)(a)

The value of the freehold interest in accordance with Paragraph 3

<u>Freehold of 31 participating flats.</u>		<u>Freehold of 9 non-participating flats.</u>	
Present GR income:	£2,850		£500
YP 2 years @ 7%:	<u>1.8</u>	5,130	<u>1.8</u> 900
Income 2004:	4,540		870
YP 33 yrs @ 7%			
def 2 years:	<u>11.139837</u>	50,574	<u>11.139837</u> 9,691
Income 2037:	6,911.25		1,340
YP 33 yrs @ 7%			
def 35 years:	<u>1.1945766</u>	8,256	<u>1.1945766</u> 1,600
Reversion:	5,193,148		1,385,555
PV of £1 in			
68 yrs @ 7%:	<u>.0100439</u>	52,159	<u>.0100439</u> 13,916
Freehold of			
Participating flats:	£116,119		
Freehold of			
Non-participating flats:			<u>£26,107</u>
Combined Value of Freehold:			<u>£142,226</u>

ii) Paragraph 2(1)(b)

The freeholder's share of marriage value in accordance with Paragraph 4

Proposed interest

FH value with 9

non-participating flats: £26,107

Proposed LH values with

999 year leases: 5,193,148

5,219,255

Less

Present interests (value before marriage value)

Present value of

Participating flats @ 90%: 4,673,833

Present value of freehold: 142,2264,816,059

Gain on marriage:

403,196

Freeholder's share of Marriage Value 50%:

£201,598£343,824Hope Value

90%: 1,246,999

1,385,555

26,1071,273,106

112,449

50% = 56,224

x 25%

14,056£357,880

32-73a Granville Place, High Road, Finchley, London N12
Leasehold Reform Housing and Urban Development Act 1993 as amended
Purchase price payable by Nominee Purchaser in accordance with Schedule 6
Date of Valuation "The relevant date": 9 January 2003
All leases for 99 years from 25 December 1971 - 68 years unexpired

i) Paragraph 2(1)(a)**The value of the freehold interest in accordance with Paragraph 3**

<u>Freehold of 42 participating flats.</u>		<u>Freehold of 12 non-participating flats.</u>	
Present GR income:	£3,560.32		£875
YP 2 years @ 7%:	<u>1.8</u>	6,408	<u>1.8</u>
Income 2004:	5,405.32		1,575
YP 33 yrs @ 7%			1,472.50
def 2 years:	<u>11.139837</u>	60,214	<u>11.139837</u>
Income 2037:	7,752.82		2,408.75
YP 33 yrs @ 7%			
def 35 years:	<u>1.1945766</u>	9,261	<u>1.1945766</u>
			2,877
Reversion:	6,938,518		1,970,925
PV of £1 in			
68 yrs @ 7%:	<u>.0100439</u>	69,689	<u>.0100439</u>
			19,795
Freehold of			
Participating flats:	£145,572		
Freehold of			
Non-participating flats:			<u>£40,650</u>
Combined Value of Freehold:			£186,222

ii) Paragraph 2(1)(b)**The freeholder's share of marriage value in accordance with Paragraph 4**

<u>Proposed interest</u>			
FH value with 12			
non-participating flats:			
	£40,650		
Proposed LH values with			
999 year leases:			
	<u>6,938,518</u>	6,979,168	
Less			
<u>Present interests</u> (value before marriage value)			
Present value of			
Participating flats @ 90%:			
	6,244,666		
Present value of freehold:			
	<u>186,222</u>	<u>6,430,888</u>	
Gain on marriage:			
		548,280	
Freeholder's share of Marriage Value 50%:			
			<u>£274,140</u>
			£460,362 c/f

Hope Value for 12 flats

£1,970,925

£460,362 b/f

90%:

1,773,833

40,650

1,814,483

156,442

50% = 78,221

Therefore Hope Value of
£6,518 average per flat.

36a and 65 at Full Value:

13,036

10 flats at 25% of Full Value:

16,295

£489,693

1-31a & 32-73a, GRANVILLE PLACE, HIGH ROAD, LONDON N12 0AX

LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993 (as amended)
PURCHASE PRICE PAYABLE BY NOMINEE PURCHASER IN ACCORDANCE WITH SCHEDULE 6

Valuation Date: 9 January 2003

All leases for 99 years from 25 December 1971

Unexpired Term at Valuation Date: approximately 68 years

1 – 31A GRANVILLE PLACE (40 flats)**Freeholder's present interest in accordance with Paragraph 3.**Freehold of 31 participating flats

Term 1

Ground Rent 2,850

YP 2 years @ 8% 1.783

5,082

Term 2

Ground Rent 4,540

YP 33 years @ 8%

deferred 2 years 9.871

44,814

Term 3

Ground Rent 6,911.25

YP 33 years @ 8%

deferred 35 years 0.7787

5,381

Reversion to £5,193,148

Deferred 68 years @ 8% 0.005335

27,705

Freehold of participating flats

82,982

“ non-participating flats

Combined value of freehold:

Freehold of 9 non-participating flats

500

1.783

892

870

9.871

8,588

1,340

0.7787

1,043

£1,385,555

0.005335

7,392

17,915

£100,897

Freeholder's share of marriage value in accordance with Paragraph 4.Proposed interest

F/h value of 9

non-participating flats 17,915

Proposed L/h values

with 999 year leases: 5,193,148

5,211,063

Less

Present value of

participating flats @ 91% 4,725,765

Present value of freehold 100,897

4,826,662

Gain on marriage

384,401

Freeholder's share @ 50%

192,201

293,098



b/f 293,098

Hope Value

Freehold reversion of

9 non-participating flats

@ 91% 1,260,855

17,915

1,385,555

1,278,770

106,785 x 50% = 53,392
x 10%

5,339
£298,437

say £298,440

1-31a & 32-73a, GRANVILLE PLACE, HIGH ROAD, LONDON N12 0AX

LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993 (as amended)
PURCHASE PRICE PAYABLE BY NOMINEE PURCHASER IN ACCORDANCE WITH SCHEDULE 6

Valuation Date: 9 January 2003

All leases for 99 years from 25 December 1971

Unexpired Term at Valuation Date: approximately 68 years

32 - 73A GRANVILLE PLACE (56 flats)**Freeholder's present interest in accordance with Paragraph 3.****Freehold of 42 participating flats****Term 1**

Ground Rent	3,560.32	
YP 2 years @ 8%	<u>1.783</u>	
		6,348

Term 2

Ground Rent	5,405.32	
YP 33 years @ 8%		
deferred 2 years	<u>9.871</u>	
		53,356

Term 3

Ground Rent	7,752.82	
YP 33 years @ 8%		
deferred 35 years	<u>0.7787</u>	
		6,037

Reversion to	£6,938,518	
Deferred 68 years @ 8%	<u>0.005335</u>	
		<u>37,017</u>
Freehold of participating flats		102,758

“ non-participating flats

Combined value of freehold:

Freehold of 12 non-participating flats

875	
<u>1.783</u>	
	1,560

1,472.50	
<u>9.871</u>	
	14,535

2,408.75	
<u>0.7787</u>	
	1,876

£1,970,925	
<u>0.005335</u>	
	<u>10,515</u>

<u>28,486</u>	
	£131,244

Freeholder's share of marriage value in accordance with Paragraph 4.**Proposed interest**

F/h value of 12

non-participating flats 28,486

Proposed L/h values

with 999 year leases: 6,938,518

6,967,004

Less

Present value of
participating flats @ 91%

6,314,051

Present value of freehold

131,244

6,445,295

Gain on marriage

521,709

Freeholder's share @ 50%

260,855

b/f 392,099

Hope Value

Freehold reversion of
12 non-participating flats
@ 91%

1,793,542

28,486

1,970,925

1,822,028

148,897 x 50% = 74,449
x 10%

7,445
£399,544

say £399,550 ↗
or ~~£399,540~~ ?