

**LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT  
ASSESSMENT PANEL**

**DECISION ON AN APPLICATION UNDER SECTION 24 OF THE LEASEHOLD  
REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993**

**Applicants: Ms J Horne, Mr H Weakley & Ms S Murray**

**Respondent: The Whitgift Foundation**

**Re: Five Oaks, 69 Ryecroft Road, London SW16**

**Hearing date: 26-27 September 2006**

**Appearances: Mr G Crews, Bennett Welch  
Mr J F Dean MA(Cantab) MRICS, Forbes Dean Associates**

**For the Applicants**

**Mr S Gallagher, Counsel  
Mr J Moore, Streeter Marshall  
Mr I Asbury BSc(Hons) MRICS, Stiles Harold Williams**

**For the Respondent**

**Members of the Leasehold Valuation Tribunal:**

**Mrs C A Lewis FCI Arb  
Mrs J E Davies FRICS  
Mr D J Wills ACIB**

**Date of decision: 6 December 2006**

**Five Oaks**  
**69, Ryecroft Road, London SW16 3EN**

**Background**

1. This was an application by the nominee purchaser, the leaseholders of Flats 1, 2, and 3, who had served notice to enfranchise the freehold dated 7 October 2005. They proposed £82,723 for the specified premises, £6,221 for the common and appurtenant parts and £3,815 for the head leaseholders interest. There were around 44.7 years unexpired at the time of the notice to enfranchise. The leaseholder of Flat 4 had served a notice to extend their lease on 4 July 2005 and the leaseholder of Flat 5 had served a notice to extend their lease on 12 September 2005. The only other lessee, Flat 6 had not served a notice.
2. The respondent freeholders served a counter notice acknowledging the right to enfranchise, quoting a figure of £280,000, and £8,250 for the common and appurtenant parts.
3. The intermediate landlord was Five Oaks House (Streatham) Ltd.
4. The parties had agreed a Statement of Agreed Facts for the Tribunal which is attached to the decision.
5. The hearing of this matter was set down for 26 and 27 September 2006.

## **Inspection**

6. The Tribunal inspected the property on 11<sup>th</sup> October 2006, in the company of representatives from both sides. It is a 3 - 4 storey detached property circa 1900, situated in an established residential area comprising properties of similar age and character. There is an area of park and a bowling green close by.
7. The property is in spacious mainly communal gardens with two areas of private gardens for Flat 1 and Flat 2. Within the grounds there is a block of four single garages. The building has been converted into 6 spacious flats, each with differing accommodation and floor layout.

## **The Hearing**

8. At the hearing the Applicant lessees of Flats 1,2 and 3, were represented by Mr. G. Crews, Solicitor of Messrs Bennett Welch who called Mr. J.F.Dean MA (Cantab) MRICS of Forbes Dean Associates, and the Respondent lessor the Whitgift Foundation was represented by Mr. S. Gallagher of Counsel, who called Mr. I.Asbury,BSc (Hons)MRICS of Stiles Harold Williams to give evidence. The Intermediate Landlord, Five Oaks House (Streatham) Ltd. was also represented by Mr. Gallagher.

## **The Extended Lease Valuation**

9. Mr. Crews called Mr. Dean as expert witness who referred to a written statement which he amplified during the course of the hearing.It was agreed between the parties that the value of a single garage is £6,500, which is reflected where appropriate in all valuations.
10. The extended leasehold values of Flats 1,2 and 3 had been agreed between the parties prior to the hearing at Flat1, £316,000, Flat2, £165,000, and Flat3 at £147,500. Flat5 had also been agreed but it emerged that one party had included the garage,and the other not.Mr. Dean

compared the values of Flats 4,5 and 6 with the agreed flat values on the remaining flats on the basis of accommodation provided, relative size, and floor plan within the building and arrived at the following values, Flat4,£260,000,Flat5,£221,000and Flat6,£220,000.

11. Mr.Gallagher called Mr. Asbury as expert witness. He used a similar approach to Mr. Dean, and de-valued figures on a £ per sq.ft. basis, which he used as a check, to arrive at values of Flat4,£318,000,Flat5, £227,500 and Flat6, £275,000.

### **The Existing Lease Value**

12. This was arrived at by use of an agreed relativity rate between the parties of 72.5%.

13. **The Tribunal** was greatly assisted by their inspection of the property. All flats with the exception of Flat 5 were inspected internally. Both of the loft areas in Flat 6 are accessed on the same level as the main accommodation to the flat through normal sized doors, one off the hall and one from the bedroom. The lofts were spacious with good headroom and some existing small windows. They could be incorporated into the flat as additional useable accommodation subject to consent. Inspection was particularly useful when comparing Flat 1 with Flat 4 which had two garages . In the Tribunal's view Flat 4 was a most attractive and spacious flat with original features, and it compares very favourably with the agreed value of £316,000 for Flat 1 with the benefit of one garage and a private garden.

14. Based on their inspection and agreed values together with their knowledge and experience, the Tribunal arrived at the following figures –

Flat 4 £318,000

Flat 5 £225,000

Flat 6 £270,000.

For the avoidance of doubt all values include garages where appropriate.

### **Deferment/Yield Rate**

15. Mr. Crews said that prior to the recent case of *Arbib v Earl Cadogan* (2005) 3EGLR 139 the common yield for Outer London had been 8% and that following that case rates in his area had once again settled back to a norm of 8%. In his opinion the more recent case of *Earl Cadogan v Sportelli* would have a similar short term effect. Both *Arbib* and *Sportelli* were Lands Tribunal cases and referred to vastly superior properties in an entirely different location.

16. Mr. Gallagher said that while Mr. Asbury had initially applied a deferment rate of 5.5% in the light of *Sportelli* he had amended his valuation by using a rate of 5%. He referred the Tribunal to part of the decision in *Sportelli* which states “ *while we do not rule out the possible need to adjust the deferment rate to take account of such matters as obsolescence and condition, we think that it would only exceptionally be the case that such factors were not fully reflected in the vacant possession value and the risk premium. Evidence would be needed to establish that they were not fully reflected in this way*”

17. **The Tribunal** gave careful consideration to the judgement in Sportelli, and were satisfied that this was the correct approach in the case under consideration, and that no exceptional circumstances were present such as to cause them to depart from this view.

### **Hope Value**

18. At the hearing, Mr. Crews for the Applicants conceded that there was a case for hope value in respect of Flats 4 and 5 where the tenants were non participating and had already served the appropriate notices under section 42 to extend their leases. In those cases he thought the marriage value should be reduced by 20%. Regarding Flat 6 he said that the leaseholder had shown no interest whatsoever in serving the notice and he therefore made no allowance.

19. Mr. Gallagher submitted to the Tribunal that the Lands Tribunal in Sportelli had not intended that there should be no Hope Value in respect of non-participating tenants, and it did not extend to cases where lease extensions were pending. Para 3(2)(b) of the Act shows that the tribunal is not precluded from taking into account pending lease extension notices given by non-participating tenants. The only way to take account of the lease extension notices was to include a Hope Value. In the case of flats 4 and 5 there was clear evidence that the lessees were anxious to extend their leases. Furthermore there must be Hope Value where section 18, the duty to disclose agreement, applied. Sportelli had also found that where Hope Value was to be included it is to be assessed as a separate lump sum and not included in the deferment yield rate.

20. In the case of flat 6, where notice had not yet been served under section 42, Mr. Gallagher accepted that Hope Value could only be awarded if Sportelli was not followed.. The Tribunal was urged to include Hope Value , bearing in mind that the lessee in that flat was very elderly, and in

including Hope Value they would be replicating what the hypothetical open market investor would do.

21. Mr. Asbury for the Respondents acknowledged hope value in Flats 4 and 5 and produced an email he had received from Dr. Fenton the lessee of Flat 5 dated 25 September 2006, which stressed his commitment to extending his lease and also that of Mr. Rawlings of Flat 4. He said there was also a significant element of hope value in the case of Flat 6 where the lessee was very elderly and a chance of enfranchisement in the foreseeable future could not be ruled out. However, as it was not known when the owner of Flat 6 would apply to extend the lease he had discounted the amount of marriage value present in the notional lease extension value down from the maximum 50% to reflect the uncertainty as to the date of that eventual transaction.

22. **The Tribunal**, have considered the value of the freeholder's interest under the provisions of Schedule 6, Part 11, 3 (1) (b) *'on the assumption that this Chapter and Chapter 11 confer no right to acquire any interest in the specified premises or to acquire any new lease (except that this shall not preclude the taking into account of a notice given under section 42 with respect to a flat contained in the specified premises where it is given by a person other than a participating tenant'* The Tribunal gave careful consideration to the submissions made on behalf of the parties on Hope Value. They found themselves in agreement with Mr. Gallagher, having considered the Lands Tribunal decision on Sportelli., and noting that Schedule 6 applies in the case of flats 4 and 5 where the section 42 notices have already been given and are currently suspended pending the outcome of the present hearing. Having looked at the particular circumstances of flat 6 they have decided to allow a further 50% of the maximum market value of 50% which recognises some element of uncertainty.

The Following Appendices are attached –

1. Statement of Agreed Facts and Areas in Dispute
2. Landlord's Calculation of Value of Minor Intermediate Lease
3. The Applicant's Valuation
4. The Respondent's Valuation
5. The Tribunal's Valuation

Chairman

C A Lewis

Date

6 December 2006



**LEASEHOLD REFORM HOUSING AND URBAN DEVELOPMENT ACT**  
**1993**

**IN THE LONDON LEASEHOLD VALUATION TRIBUNAL**

**Jean Winifred Horne (Flat 1) (Leaseholder)**  
**Henry Weakley (Flat 2) (Leaseholder)**  
**Shirley Marian Murray (Flat 3) (Leaseholder)**

**and**

**The Whitgift Foundation (Freeholder)**

**in respect of**

**FIVE OAKS, RYECROFT ROAD, LONDON SW16**

**STATEMENT OF AGREED FACTS AND**  
**AREAS IN DISPUTE**

**on behalf of the Leaseholders**

**Jonathan F Dean MA (Cantab). MRICS**

**on behalf of the Freeholder**

**Ian Asbury BSc (Hons). MRICS**

**A. MATTERS AGREED**

**1.0 BACKGROUND**

- 1.1 The leaseholder of Flat 4 served a notice to extend their lease on 4 July 2005 for £28,400 for the flat and £4,001 for the garages. The Whitgift Foundation served a Counter Notice acknowledging the right and quoting figures of £49,000 and £4,600 respectively.
- 1.2 The leaseholder of Flat 5 served a notice to extend their lease on 12 September 2005 proposing a figure of £28,120. The Whitgift Foundation have not served a Counter Notice.
- 1.3 The leaseholders of Flats 1, 2 and 3 served a notice to enfranchise the freehold on 7 October 2005 proposing £82,723 for the specified premises, £6,226 for the common and appurtenant parts and £3,815 for the head leaseholders interest. The freeholders served a counter notice acknowledging the right and quoting a figure of £280 (subsequently amended to £280,000) and £8,250 for the common and appurtenant parts.
- 1.4 At the time of service of the leaseholders Notice there were around 44.7 years unexpired.

**2.0 DESCRIPTION**

- 2.1 The property is situated on the west side of Ryecroft Road which is a turning off Crown Lane (A214). The centre of Streatham with its shopping and leisure facilities and railway station is about 1 mile to the west. The centre of West Norwood is a similar distance to the north.
- 2.2 The property comprises a detached Edwardian building constructed on lower ground, ground, first and second (attic) floors. It comprises six self contained flats. There are two staircases leading to these flats with fairly basic finishes.
- 2.3 The building is of brick construction, with part tiled elevations under pitched roofs surfaced with tiles. There are mainly suspended timber floors and timber framed opening encasement windows, some with secondary glazing.
- 2.4 All main services appear to be connected. All the flats have central heating

provided by panel radiators supplied from gas fired boilers.

- 2.5 There is a block of four garages to the side of the property which are of precast concrete construction.
- 2.6 The property has suffered from subsidence for many years and has been the subject of several insurance claims.

### 3.0 IMPROVEMENTS

- 3.1 It is agreed that the following are leaseholders improvements to be disregarded in assessing the enfranchisement price:-
- a. Central heating systems.
  - b. Modern kitchen facilities.
  - c. Modern bathroom facilities.
  - d. Fitted floor coverings.
  - e. The WC/Shower room at lower ground floor level in Flat 1 which was previously a store.

### 4.0 TENURE

- 4.1 The freehold is owned by the Whitgift Foundation and the headlease by Five Oaks House (Streatham) Limited, a company in which the leaseholders hold the shares.
- 4.2 The headlease is dated 5 December 1951 between the official trustee of Charity Lands (now the Whitgift Foundation) and Hooman and Ravenscroft Limited. This records the fact that the whole of the piece of ground shown edged red on the attached plan together with the building known as 'Five Oaks' are to be demised for a term of 99 years from 24 June 1951 at a ground rent of £125 per annum. The lease records the fact that the premises may be converted into six flats in accordance with plans approved by the freeholders, but no other alterations are to be made without their previous consent in writing. The leaseholders are to keep the premises in repair and also insure the premises.

4.3 The following is a summary of the terms of the underleases:-

- a. **Demise:** The flat in question (together with a garage for flat 1 only), and the right to use certain paths drives and communal lands. There is also the right to use part of the basement storage areas.
- b. **Term:** 99 years less 3 days from 24 June 1954. At the time of service of the notice there were therefore around 44¾ years unexpired.
- c. **Rent:** £15 per annum (or £20 per annum for flats 2, 5 and 6 and £25 per annum for flat 4). This totals £115 per annum.
- d. **Other Terms:** Effectively fully repairing and insuring leases.
- e. **Garages:** There are separate leases for the garages of Flat 4 (being 2 in number) and also for Flat 5.

5.0 LAND TO BE TRANSFERRED:

5.1 It is agreed that the freehold of the building and the appurtenant parts will be transferred. These are shown edged in blue on the attached plan. The remaining land edged red will be retained by the freeholder but the leaseholders will continue to have rights to enjoy this remaining land shown in yellow.

6.0 VALUES OF FLATS WITH EFFECTIVE FREEHOLD/EXTENDED LEASES:

6.1 The following values are agreed.

Flat 1 £316,000 including a garage @ £6,500

Flat 2 £165,000

Flat 3 £147,500

Flat 5 ~~£221,000~~

## 7.0 VALUE OF FLATS WITH EXISTING LEASES

It is agreed that the value of the flats with the existing leases should be 72.5% of the value of the flats with the extended leases/freehold.

## 8.0 VALUE OF VARIOUS INTERESTS

8.1 It is agreed that for the purpose of this exercise the common and appurtenant parts can be included within the value of the whole, ~~but not including the garages~~

## B. MATTERS NOT AGREED

## 9.0 VALUE OF VARIOUS INTEREST

9.1 The value of the head leaseholders interest is not agreed. Agreed at £100

## 10.0 THE YIELD/DEFERMENT RATE

10.1 Mr. Dean is of the opinion that the yield and deferment rate for the freeholders interest should be 8%. ~~He is further of the opinion that the capitalisation rate for the headleaseholders profit rent should be 9%.~~

Mr. Asbury is of the opinion that the deferment should be 5%. He is further of the opinion that the capitalisation rate for the headleaseholders profit rent should be 8% and for the freeholders ground rent income should be 7.5%.

## 11.0 VALUE OF FLATS WITH EFFECTIVE FREEHOLD/EXTENDED LEASES

11.1 Mr. Dean is of the opinion that the flats have the following values:-

Flat 4	£260,000 inclusive of 2 garages
Flat 6	£220,000
Flat 5	£221,000 including a garage at £6,500

Mr. Asbury is of the opinion that the flats have the following values:-

Flat 4	£305,000 excluding value of 2 garages
Flat 6	£275,000
Flat 5	£227,500 including a garage at £6,500

11.2. It is agreed that the value of each garage is £6,500

11.3. No areas for flats 1 + 4 + 5 + 6 are agreed. (See Attached Schedule)


12.0 HOPE VALUE.

- 12.1 It is agreed that there is additional hope value that the leaseholders of Flats 4 and 5 may wish to continue with the extension of their leases. However, the amount of this is in dispute.

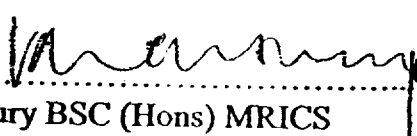
Mr. Asbury also thinks that additional hope value should be allowed for flat 6 but Mr. Dean disagrees.

C. DECLARATION

We hereby declare our agreement to this statement of agreed facts and areas in dispute.

Signed   
Jonathan F DEAN MA. (Cantab) MRICS

Dated ..... 8 SEPTEMBER 2006

Signed   
Ian Asbury BSC (Hons) MRICS

Dated ..... 11.9.06

## VALUE OF FLATS INCLUSIVE OF GARAGES

DEAN (TENANT)


ASSBURY (LANDLORD)

FLAT 1	316,000	316,000 (1 garage)
FLAT 2	165,000	165,000
FLAT 3	147,500	147,500
FLAT 4	260,000	318,000 (2 garages)
FLAT 5	221,000	227,500 (1 garage)
FLAT 6	220,000	275,000

WITH THE VALUES THE VALUE OF A GARAGE IS AGREED AT £6500



for Applicants



for Respondents

# Appendix Z

## Five Oaks, 69 Ryecroft Road, London, SW16 Landlord's Calculation of Value of Minor Intermediate Lease

$$P = \frac{R}{Y} - \frac{R}{Y(1+Y)^n}$$

$$P = \frac{5}{0.0417} - \frac{5}{0.0417(1+0.0417)^{45}}$$

$$119.9041 - \frac{5}{0.0417(1.0417)^{45}}$$

$$119.9041 - \frac{5}{0.0417 \times 6.1789}$$

$$119.9041 - \frac{5}{0.25518857}$$

$$119.9041 - 19.59335404$$

£100.3107227

Say £100

P Price  
R Profit Rent  
Y Yield  
n the period of the remaining term of the headlease

The above figure is agreed

For Q

Un known



# UK GILTS – cash market

www.ft.com/gilts

Sep 22	Price £	Day's Chng	Wks Chng	Int Yield	Red Yield	52 Week High	Low	Amnt £m	Last xtd date	Interest due	
Shorts (Lives up to Five Years)											
Cn 9.75pc '06	100.64	-0.03	-0.19	9.69	4.97	106.13	100.64	6	-	-	
Tr 7.5pc '06	100.50	-0.01	-0.11	7.46	4.90	103.88	100.50	12,394	28.11	Je7 De7	
Tr 4.5pc '07	99.82	+0.02	-0.01	4.51	4.90	100.56	99.77	12,071	28.40	Se7 Mr7	
Tr 8.5pc '07	102.75	+0.01	-0.20	8.27	4.97	107.55	102.74	4,869	5.10	Ja16 Jy16	
Tr 7.25pc '07	102.61	+0.05	-0.19	7.07	4.97	106.52	102.55	11,655	24.20	Je7 De7	
Tr 5pc '08	100.12	+0.09	-0.10	4.99	4.91	102.06	99.99	14,928	27.50	Mr7 Se7	
Tr 5.5pc '08-12	100.93	+0.13	-0.13	5.45	4.98	103.48	100.74	1,026	1.30	Mr10 Se10	
Tr 9pc '08	107.80	+0.11	-0.25	8.35	4.95	113.64	107.65	687	-	-	
Tr 4pc '09	98.07	+0.18	-0.09	4.08	4.84	99.63	97.86	16,974	24.20	Mr7 Se7	
Tr 8pc '09	106.72	+0.21	-0.22	7.36	4.84	114.12	108.41	393	-	-	
Tr 5.75pc '09	102.75	+0.24	-0.14	5.60	4.81	106.23	102.32	12,006	28.11	Je7 De7	
Tr 4.75pc '10	99.89	+0.28	-0.11	4.76	4.78	102.66	99.29	12,774	28.11	Jy7 De7	
Tr 6.25pc '10	105.62	+0.32	-0.15	5.92	4.82	105.04	5,205	16.11	My25 Nv25		
Five to Ten Years											
Tr 4.25pc '11	98.09	+0.34	-0.09	4.33	4.73	100.67	97.30	11,250	24.20	Mr7 Se7	
Cn 9pc '11	118.12	+0.37	-0.26	7.62	4.73	124.83	117.56	5,664	3.10	Jy12 Ja12	
Tr 7.75pc '12-15	113.43	+0.40	-0.16	6.83	4.86	118.81	112.71	804	17.10	Jy26 Ja26	
Tr 5pc '12	101.58	+0.40	-0.07	4.92	4.67	105.07	100.62	14,009	3	Mr7 Se7	
Tr 9pc '12	121.52	+0.45	-0.16	7.41	4.75	128.44	120.77	403	-	-	
Tr 8pc '13	120.14	+0.52	-0.02	6.66	4.60	126.16	118.87	6,489	16.90	Mr27 Se27	
Tr 5pc '14	102.88	+0.55	-0.14	4.86	4.56	107.25	101.30	13,699	24.20	Se7 Mr7	
Tr 4.75pc '15	101.59	+0.59	+0.20	4.68	4.53	106.18	99.78	13,647	24.20	Mr7 Se7	
Ten to Fifteen Years											
Tr 8pc '15	125.87	+0.68	+0.11	6.36	4.53	132.90	123.99	7,744	27.50	Je7 De7	
Tr 4pc '16	96.08	+0.64	+0.32	4.16	4.49	99.16	94	8,250	-	-	
Tr 8.75pc '17	136.57	+0.82	+0.28	6.41	4.48	144.14	134.10	8,136	16.20	Fe25 Au25	
Ex 12pc '13-17	144.77	+0.59	-0.11	8.29	4.63	153.95	143.53	57	-	-	
Tr 4.75pc '20	103.26	+0.79	+0.55	4.60	4.43	109.01	100.52	10,743	-	Mr7 Se7	
Over Fifteen Years											
Tr 8pc '21	138.27	+1	+0.62	5.79	4.43	146.62	134.97	17,573	28.11	Je7 De7	
Tr 5pc '25	109.10	+0.98	+0.97	4.58	4.28	115.82	105.36	16,188	24.20	Mr7 Se7	
Tr 4.25pc '27	100.60	+1.01	+1.41	4.22	4.21	100.60	98.38	2,250	-	-	
Tr 6pc '28	125.82	+1.20	+1.26	4.77	4.20	134.07	121.03	12,340	28.11	De7 Je7	
Tr 4.25pc '32	102.50	+1.11	+1.39	4.15	4.09	109.01	97.47	17,326	28.11	De7 Je7	
Tr 4.25pc '36	103.81	+1.19	+1.68	4.09	4.03	110.42	98.14	15,668	28.11	Mr7 Se7	
Tr 4.75pc '38	113.35	+1.33	+1.96	4.19	4.01	120.90	107.08	14,958	5	Je7 De7	
Tr 4.25pc '46	106.95	+1.40	+2.22	3.97	3.91	106.95	99.88	7,250	-	Je7 De7	
Tr 4.25pc '55	109.65	+1.51	+2.55	3.88	3.81	116.31	99.86	11,602	-	Je7 De7	
Undated											
Cons 4pc	88.77	+1.31	+1.84	4.51	-	98.11	83.71	358	-	-	
War Ln 3.5pc	85.66	+1.39	+1.96	4.09	-	93.90	79.12	1,939	22.11	Je1 De1	
Cn 3.5pc '61 Alt	83.42	+1.32	+1.86	4.20	-	95.96	79.21	89	-	-	
Tr 3pc '66 Alt	70	+1.08	+1.53	4.23	-	76.40	64.90	53	-	-	
Cons 2.5pc	60.01	+0.95	+1.34	4.17	-	65.85	55.66	272	-	-	
Tr 2.5pc	61.19	+0.99	+1.40	4.02	-	65.33	55.29	493	-	-	
Index-Linked (b)											
2.5pc '09	(78.8)	253.37	+0.46	-0.04	1.60	1.85	253.49	247.84	3,304	11	My20 Nv20
2.5pc '11	(74.6)	271.66	+1.01	-0.35	1.55	1.72	272.34	265.64	4,631	14.20	Fe23 Au23
2.5pc '13	(89.2)	231.94	+1.10	+0.11	1.45	1.58	232.63	225.28	7,347	8	Fe16 Au16
2.5pc '16	(81.6)	261.89	+1.66	+0.40	1.51	1.51	264.58	251.69	7,696	17.10	Ja26 Jy26
1.25pc '17	(194.1)	98.29	+0.73	+0.07	1.31	1.41	98.76	95.54	3,400	11.50	-
2.5pc '20	(83.0)	270.58	+2.07	+1.61	1.17	1.25	273.82	255.32	6,350	6.11	Ap16 Oc16
2.5pc '24	(97.7)	243.68	+2.20	+2.74	1.15	1.15	247.30	225.73	6,583	8.20	Ja17 Jy17
1.25pc '27	(103.52)	103.52	+1.09	+1.29	-	-	103.52	96.89	3,000	-	-
4(1/8)pc '30	(135.1)	239.24	+2.13	+3.20	1.05	1.11	245.81	218.80	5,021	12.10	Ja22 Jy22
2pc '35	(173.6)	142.78	+1.56	+2.51	0.95	1.01	147.77	125.54	8,064	1	-
1.25pc '55(192.20000)	123.32	+1.76	+3.85	0.76	0.76	134.56	102.35	3,313	-	My22 Nv22	

All UK Gilts are Tax free to non-residents on application, and Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Weekly percentage changes are calculated on a Friday to Friday basis. Gilt benchmarks and most liquid stocks, are shown in bold type. A full list of Gilts can be found daily on [ft.com/ondates](http://ft.com/ondates).

Prospective real redemption rate on projected inflation of (1) 5% and (2) 3% (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for Apr 2005: 191.6 and for Jan 2006 193.4. 1.1/1.14pc 2017 has a base RPI of 193.725. 1.1/1.14pc 2055 has a base RPI of 192.2 with a 3 month lag. The 'clean' price shown has no inflation adjustment. The yield is calculated using no inflation assumption. Source: REUTERS Ltd.

Appendix 3

effectively reduces the useable space. Furthermore there are no original features and natural light is generally much poorer. There is also no garage.

I have therefore attributed a similar value to Flat 5, namely £220,000.

- 9.6 It is agreed that the value of the flats with the current leases should be 72½% of the value of the flats with the extended leases/freehold.

#### 10.0 HOPE VALUE

- 10.1 The leaseholders of Flat numbers 1, 2 and 3 are participating. The leaseholders of flat numbers 4 and 5 have served notice to extend. The leaseholder of flat 6 has not shown any interest in participating.

- 10.2 Having been involved with this property for over 6 years I have a real doubt the leaseholders of flats 4 and 5 will continue with their application. I have an absolute certainty that the leaseholder of flat 6 will not.

- 10.3 I am therefore of the opinion that an allowance should be made that the leaseholders of flat 4 and 5 will continue by including marriage value but this should be reduced by 20%.

#### 11.0 VALUATION

- 11.1 I am of the opinion that the following are the values of the flats.

<u>Flat</u>	<u>Freehold/ Extended Lease Value</u>	<u>Current Value</u>
1 (+ garage)	£316,000	£229,100
2	£165,000	£119,625
3	£147,500	£106,950
	<hr/>	<hr/>
Sub total	£628,500	Sub total £455,675
	<hr/>	<hr/>
4 (+ 2 garages)	£260,000	£188,500

5 (+ garage)	£221,000		£160,225
	<hr/>		<hr/>
Sub total	£481,000	Sub total	£348,725
	<hr/>		<hr/>
6	£220,000		N/A

11.2 Once the freehold is acquired the head leaseholder will continue to pay the ground rent of £125 pa to the freeholder for 44.75 years but in relation to the cottage only. The freeholder will not therefore have lost any ground rent but the head leaseholder will have lost the right to receive the ground rents from the flats which total £115 per annum.

11.3 The calculation of the appropriate enfranchisement price for the freehold interest is therefore as follows:-

Freeholders Interest

Loss of Ground Rents	£ 0	
YP 44.75 years @ 8%	12.10	
	<hr/>	
		£ 0
Reversion (Flats 1, 2, 3)	£628,500	
PV of £1 44.75 years @ 8%	0.03195	
	<hr/>	
		£20,081
Reversion (Flats 4, 5)	£481,000	
PV of £1 44.75 years @ 8%	0.03195	
	<hr/>	
		£15,368
Reversion (Flat 6)	£220,000	
PV of £1 44.75 years @ 8%	0.03195	
	<hr/>	

£ 7,029

£42,478

Marriage Value

Value of flats 1, 2, 3 (effective freehold)	£628,500
Less value of flats 1, 2, 3 (current leases)	(£455,675)
Less F/H value (flats 1, 2, 3)	(£ 20,081)
Less diminution in head leasehold (see below)	(£ 1,128)

£151,616 ÷ 2 = £75,808

Value of flats 4, 5 (effective freehold)	£481,000
Less value of flats 4, 5 (current leases)	(£348,725)
Less freehold value	(£ 15,368)

£116,907 ÷ 2  
x 80% = £46,763

£165,049

This should be reduced by the headleaseholder's  
share of marriage value as set out below of (£ 4,383)

£ 160,666

Diminution in value of head leaseholders interest

Loss of Ground Rents	£115
YP 44.75 years @ 9%/4%/30%	9.81

£ 1,128

Share of marriage value

£ 1128 x £122571  
£42,478

=

£ 3,255

**£4,383**

12.0 **CONCLUSION**

12.1 I am of the opinion that the appropriate enfranchisement price is in the following sums:-

Freehold	£160,666
Headleasehold	£ 4,383

12.2 In making this valuation I have made the following assumptions:-

- a. That there is good freehold title, free of any unusual encumbrances or outgoing; also the results of a Local Authority search would not reveal anything adverse about the property.
- b. The current arrangement of the building complies with all planning and other statutory regulations.
- c. The leases I have seen have not been substantially amended since they were signed.

12.3 I confirm that this report has been prepared in accordance with the document entitled 'Surveyors acting as Expert Witnesses' published by the Royal Institution of Chartered Surveyors.

I therefore believe in the accuracy and truth of the matters put forward, that this report contains all facts which I regard as being relevant to my opinion and that I have drawn attention to any matter which will affect the validity of that opinion.

Signed .....  
Jonathan F Dean MRICS MA(Cantab)  
5 September 2006

**Fiveoaks, Ryecroft Road, Streatham, SW16****Basic Facts & Assumptions**

Valuation date:	07-Oct-2005		
Expiry date:	24-Jun-2050		
Existing lease:	44.74 years unexpired		
Ground Rent:	£100.00 per annum (fixed)	(Proportion of rent attributable to The Cottage excluded)	
Deferment rate:	5 %	Deferment rate not agreed	
Landlord's % of marriage value:	50 %		
Leaseholder's improvements:	Valuation is on unimproved basis		
Unimproved Market value of:-			
Existing 44.7 year lease:	say	£1,082,063	72.5 % of Freehold*
Share of Freehold:	say	£1,492,500	*Relativity is agreed

**£270,574****Fiveoaks, Ryecroft Road, Streatham, SW16****Value of Landlords' current interests****Headlessee's Interest.**

1.	Head lessee's Profit Rent	£5		
	YP 44.74 yrs @	Headlessee's profit rent calculated in accordance with formula for Minor Intermediate interests	£100 *	Agreed value

**Freeholder's Interest.**

1.	Loss of rental income	£100 *		
	YP 44.74 yrs @ 7.5 %	12.81	£1,281	(*ground rent apportioned to exclude The Cottage)
	plus			
2.	Reversion to capital value (participating Flats 1, 2, 3 only) disregarding Leaseholder's Improvements, say	£628,500		
	PV £1 in 44.74 yrs @ 5 %	0.1127	£70,834	
	plus			
3.	Price payable by owner of Flat 4 for lease extension (S.42 Notice is dated )		£61,543 *	(see separate lease ext calc)
	plus			
4.	Price payable by owner of Flat 5 for lease extension (S.42 Notice is dated )		£44,176 *	(see separate lease ext calc)
	plus			
5.	Hope value relating to unrealised lease extension for Flat 6		£42,328 *	(see separate lease ext calc)

**Value of Landlords' Current Interests****£220,263****Landlord's share of Marriage Value (participating flats only)**

less	Proposed interests	Share of Freehold Values for Flats 1, 2 & 3	£628,500	
	Existing interests			
	Value of tenant's interest under existing lease disregarding Leaseholder's Improvements, at say 72.5 % of Freehold		£455,663	
	plus			
	Value of landlords' existing interests in Flats 1, 2 & 3		£72,215	£527,878
		Difference (marriage value) =	100,622	
		Landlord's share, @ 50 %=		£50,311
	Includes marriage value relating to Non Participating Flats			

**Compensation payable to Landlord****£0****Valuation Summary**

Diminution in value of landlord's interest:	£220,263
Landlord's share of marriage value :	£50,311
Compensation payable to landlord :	£0
Premium =	£270,574
but say	£270,574

**Apportionment of marriage Value**

Freeholder's Interest	£220,163	x	£50,311	equals	£50,288	add	£220,163	equals	£270,451	Freeholder's share of premium
	£220,263									
Headlessee's interest	£100	x	£50,311	equals	£23	add	£100	equals	£123	Headlessee's share of premium
	£220,263								£270,574	

**Share of FH Values**

Flat 1	£316,000	Agreed value (including 1 garage)
Flat 2	£165,000	No garage. Agreed value
Flat 3	£147,500	No garage. Agreed value
Flat 4	£305,000	plus £13000 for 2 garages. Values not agreed
Flat 5	£221,000	plus £6,500 for 1 garage. Values not agreed
Flat 6	£275,000	No garage. Value not agreed

**Premium payable by tenant in accordance with  
Section 48(7) and Schedule 13**

### Basic Facts & Assumptions

Valuation date:	04-Jul-2005	Date of lease extension claim
Expiry date:	24-Jun-2050	
Existing lease:	45.00 years unexpired	
Ground Rent:	£20.00 per annum (fixed)	
Deferment rate:	5 %	
Landlord's % of marriage value:	50 %	
Leaseholder's improvements:	Valuation is on unimproved basis	
Unimproved Market value of:-		
Existing 44.8 ar lease:	say £221,125	72.5 % of Freehold
Extended 134.8 ar lease:	say £305,000	100 % of Freehold
Share of Freehold:	say £305,000	

**Flat 4, Fiveoaks, Ryecroft Road, Streatham, SW16**

### Headlessee's Interest.

1.	Head lessee's Profit Rent				£20	
	YP	45.00 yrs @	8 %	3% SF 30% tax	11.79	£236

### Freeholder's Interest

2.	Reversion to capital value disregarding Leaseholder's Improvements, say	£305,000	
	PV £1 in 45.00 yrs @ 5 %	<u>0.1113</u>	<u>£33,941</u>
	plus		
3	Reversion to capital value (2 Garages) disregarding Leaseholder's Improvements, say	£13,000	
	PV £1 in 45.00 yrs @ 5 %	<u>0.1113</u>	<u>£1,460</u>

### Landlord's share of Marriage Value

<u>Proposed interests</u>	Flat	£305,000	
<i>less</i>	Garage	£13,000	
<u>Existing interests</u>			£318,000

Value of tenant's interest under existing lease disregarding  
Leaseholder's Improvements, at say 72.5 % of Freehold

Flat	£221,125
Garage	£9,425

*plus*  
Value of landlords' existing interests

£230,550		
£35,637	£266,187	

Difference (marriage value) = £51,813

Landlord's share, @	50 %=	£25,907
---------------------	-------	---------

Includes marriage value relating to Non Participating Flats

**Compensation payable to Landlord**

03

### Valuation Summary

Diminution in value of landlord's interest:	£35,637
Landlord's share of marriage value :	£25,907
Compensation payable to landlord :	<u>£0</u>
Premium =	<u>£81,543</u>
but say	£81,543

### Apportionment of marriage Value

Freeholder's interest	$\frac{£33,941}{£35,637}$	x	£25,907	equals	£24,674	add	£33,941	equals	<u>£58,614</u>	Freeholder's share of premium
Headlessee's interest	$\frac{£236}{£35,637}$	x	£25,907	equals	£171	add	£236	equals	$\frac{£407}{£59,022}$	Headlessee's share of premium

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

Premium payable by tenant in accordance with  
Section 48(7) and Schedule 13

**Flat 5, Fiveoaks, Ryecroft Road, Streatham, SW16**

Lease Extension Price

Basic Facts & Assumptions

Valuation date:	12-Sep-2005	Date of lease extension claim
Expiry date:	24-Jun-2050	
Existing lease:	44.81 years unexpired	
Ground Rent:	£20.00 per annum (fixed)	
Capitalisation rate:	5 %	
Landlord's % of marriage value:	50 %	
Leaseholder's improvements:	Valuation is on unimproved basis	
Unimproved Market value of:-		
Existing 44.8 ar lease:	say £160,225	72.5 % of Freehold
Extended 134.8 ar lease:	say £221,000	100 % of Freehold
Share of Freehold:	say £221,000	

**£44,176**

**Flat 5, Fiveoaks, Ryecroft Road, Streatham, SW16**

Value of Landlords' current interests

Headlessee's Interest

1. Head lessee's Profit Rent				£20	
YP 44.81 yrs @	8 %	3% SF 30% tax		11.79	£236

Freeholder's Interest

2. Reversion to capital value				£221,000	
disregarding Leaseholder's Improvements, say					
PV £1 in 44.81 yrs @	5 %		0.1123		£24,824
plus					
3. Reversion to capital value (Garage)				£6,500	
disregarding Leaseholder's Improvements, say					
PV £1 in 44.81 yrs @	5 %		0.1123		£730
					<b>£25,790</b>

Landlord's share of Marriage Value

less	<u>Proposed interests</u>	Flat	£221,000	
		Garage	£6,500	
	<u>Existing interests</u>			£227,500
	Value of tenant's interest under existing lease disregarding			
	Leaseholder's Improvements, at say 72.50 % of Freehold	Flat	£160,225	
		Garage	£4,713	
	plus		£164,938	
	Value of landlords' existing interests		£25,790	£190,728
			Difference (marriage value) =	£36,772
			Landlord's share, @	50 % = £18,386

Compensation payable to Landlord

**£0**

Valuation Summary

Diminution in value of landlord's interest:	£25,790
Landlord's share of marriage value :	£18,386
Compensation payable to landlord :	<b>£0</b>
Premium =	<b>£44,176</b>
but say	<b>£44,176</b>

Apportionment of marriage Value

Freeholder's Interest	$\frac{£25,555}{£25,790}$	x	£18,386	equals	£18,218	add	£25,555	equals	£43,773	Freeholder's share of premium
Headlessee's interest	$\frac{£236}{£25,790}$	x	£18,386	equals	£168	add	£236	equals	$\frac{£404}{£44,176}$	Headlessee's share of premium



**Premium payable by tenant in accordance with  
Section 48(7) and Schedule 13**

### Basic Facts & Assumptions

Valuation date:	07-Oct-2005	
Expiry date:	24-Jun-2050	
Existing lease:	44.74 years unexpired	
Ground Rent:	£20.00 per annum (fixed)	
Deferment rate:	5 %	
Landlord's % of marriage value:	50 %	
Leaseholder's improvements:	Valuation is on unimproved basis	
Unimproved Market value of:-		
Existing 44.8 ar lease:	say	£199,375 72.5 % of Freehold
Extended 134.8 ar lease:	say	£275,000 100 % of Freehold
Share of Freehold:	say	£275,000

**£42,328**

### Value of Landlords' current interests

### Headlessee's Interest

1.	Head lessee's Profit Rent				£20	
	YP	44.74 yrs @	8 %	3% SF 30% tax	11.79	£236

### Freeholder's Interest.

2.	Reversion to capital value disregarding Leaseholder's Improvements, say	£275,000	
	PV £1 in 44.74 yrs @ 5 %	<u>0.1127</u>	<u>£30,994</u>
			£31,229

### Landlord's share of Marriage Value

Proposed interests	275,000		
less Existing interests			
Value of tenant's interest under existing lease disregarding Leaseholder's Improvements, at say 72.5 % of Freehold	£199,375		
plus Value of landlords' existing interests	<u>£31,229</u>	<u>£230,604</u>	
Difference (marriage value) =		£44,396	
	Landlord's share, @	50 % =	£22,198

<b>Non Participating Flat, reflect 'hope value' at 50% of 50% of marriage value available</b>	<b>50 % =</b>	<b>£11,099</b>
---	---------------	----------------

**Compensation payable to Landlord**

### Valuation Summary

Diminution in value of landlord's interest:	£31,229
Landlord's share of marriage value :	£11,099
Compensation payable to landlord :	<u>£0</u>
	Premium = <u>£42,328</u>
	<b>but say £42,328</b>

### Apportionment of marriage Value

Freeholder's interest	$\frac{£30,994}{£31,229}$	x	£22,198	equals	£22,030	add	£30,994	equals	£53,024	Freeholder's share of premium
Headlessee's interest	$\frac{£236}{£31,229}$	x	£22,198	equals	£168	add	£236	equals	$\frac{£403}{£53,427}$	Headlessee's share of premium

# LEASEHOLD VALUATION TRIBUNALS CALCULATION

Appendix 5

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

Collective Enfranchisement Price

Price Calculated by Ian Ashby DGC(Hono) MRICS using input data supplied by LVT

**Fiveoaks, Ryecroft Road, Streatham, SW16**

## Basic Facts & Assumptions

Valuation date:	07-Oct-2005		
Expiry date:	24-Jun-2050		
Existing lease:	44.74 years unexpired		
Ground Rent:	£100.00 per annum (fixed)	(Proportion of rent attributable to The Cottage excluded)	
Deferment rate:	5 %	Deferment rate determined by LVT	
Landlord's % of marriage value:	50 %		
Leaseholder's improvements:	Valuation is on unimproved basis		
Unimproved Market value of: Existing 44.7 year lease:	say £1,045,088	72.5 % of Freehold*	*Relativity is agreed
Share of Freehold:	say £1,441,500		

**£269,317**

**Fiveoaks, Ryecroft Road, Streatham, SW16**

## Value of Landlords' current interests

### Headlessee's interest

1. Head lessee's Profit Rent	£5		
YP 44.74 yrs @	Headlessee's profit rent calculated in accordance with formula for linear intermediate interests	£100 *	Agreed value

### Freeholder's interest

1. Loss of rental income	£100 *		
YP 44.74 yrs @ 7.5 %	12.81	£1,281	(*ground rent apportioned to exclude The Cottage)
plus			
2. Reversion to capital value (participating Flats 1, 2, 3 only) disregarding Leaseholder's Improvements, say	£628,500		
PV£1 in 44.74 yrs @ 5 %	0.1127	£70,834	
plus			
3. Price payable by owner of Flat 4 for lease extension (S.42 Notice is dated )		£51,537 *	(see separate lease ext calc)
plus			
4. Price payable by owner of Flat 5 for lease extension (S.42 Notice is dated )		£43,692 *	(see separate lease ext calc)
plus			
5. Hope value relating to unrealised lease extension for Flat 6		£41,562 *	(see separate lease ext calc)

**£219,006**

### Value of Landlords' Current Interests

#### Landlord's share of Marriage Value (participating flats only)

Proposed interests	Share of Freehold Values for Flats 1, 2 & 3	£628,500	
less Existing interests			
Value of tenant's interest under existing lease disregarding Leaseholder's Improvements, at say 72.5 % of Freehold		£455,663	
plus			
Value of landlords' existing interests in Flats 1, 2 & 3		£72,215	
		£527,878	
	Difference (marriage value) =	100,622	
	Landlord's share, @ 50 % =	£50,311	

Includes marriage value relating to Non Participating Flats

#### Compensation payable to Landlord

**£0**

## Valuation Summary

Diminution in value of landlord's interest:	£219,006
Landlord's share of marriage value:	£50,311
Compensation payable to landlord:	£0
Premium =	<b>£269,317</b>
but say	<b>£269,317</b>

### Apportionment of marriage Value

Freeholder's Interest	<u>£218,906</u>	x	£50,311	equals	£50,288	add	£218,906	equals	<u>£269,194</u>	Freeholder's share of premium
	£219,006									
Headlessee's interest	<u>£100</u>	x	£50,311	equals	£23	add	£100	equals	<u>£123</u>	Headlessee's share of premium
	£219,006								£269,317	

Share of FH Values	
Flat 1	£316,000 LVT / agreed value including garage
Flat 2	£165,000 No garage. Agreed value
Flat 3	£147,500 No garage. Agreed value
Flat 4	£318,000 LVT Price including garages
Flat 5	£225,000 LVT Price including garage
Flat 6	£270,000 LVT Price no garage
Total	£1,441,500

**Premium payable by tenant in accordance with  
Section 48(7) and Schedule 13**

### Basic Facts & Assumptions

£61.537

### Value of Landlords' current interests

### Headlessee's Interest.

1.	Head lessee's Profit Rent				£20	
	YP	45.00 yrs @	8 %	3% SF 30% tax	<u>11.79</u>	£236

Freeholder's Interest.

2.	Reversion to capital value disregarding Leaseholder's Improvements, say	£318,000	
	PV £1 in 45.00 yrs @ 5 %	<u>0.1113</u>	<u>£35,388</u>
			<u>£35,623</u>

### Landlord's share of Marriage Value

<u>Proposed interests</u>	Flat	£318,000	£318,000
<i>less</i>			
<u>Existing interests</u>			
Value of tenant's interest under existing lease disregarding Leaseholder's Improvements, at say 72.5 % of Freehold	Flat	£230,550	
<i>plus</i>			
Value of landlords' existing interests		<u>£35,623</u>	<u>£266,173</u>
	Difference (marriage value) =		£51,827
	<b>Landlord's share, @ 50 % =</b>		<b><u>£25,913</u></b>

**Includes marriage value relating to Non Participating Flats**

**Compensation payable to Landlord**

£0

## Valuation Summary

Diminution in value of landlord's interest:	£35,623
Landlord's share of marriage value :	£25,913
Compensation payable to landlord :	<u>£0</u>
Premium =	<u>£61,537</u>
<b>but say</b>	<b>£61,537</b>

### Apportionment of marriage Value

Freeholder's interest	$\frac{£35,388}{£35,623}$	x	£25,913	equals	£25,742	add	£35,388	equals	£61,129	Freeholder's share of premium
Headlessee's interest	$\frac{£236}{£35,623}$	x	£25,913	equals	£172	add	£236	equals	$\frac{£407}{£61,537}$	Headlessee's share of premium

**Premium payable by tenant in accordance with  
Section 48(7) and Schedule 13**

### Basic Facts & Assumptions

Valuation date:	12-Sep-2005	Date of lease extension claim
Expiry date:	24-Jun-2050	
Existing lease:	44.81 years unexpired	
Ground Rent:	£20.00 per annum (fixed)	
Capitalisation rate:	5 %	
Landlord's % of marriage value:	50 %	
Leaseholder's improvements:	Valuation is on unimproved basis	
Unimproved Market value of:-		
Existing 44.8 ar lease:	say £163,125	72.5 % of Freehold
Extended 134.8 ar lease:	say £225,000	100 % of Freehold
Share of Freehold:	say £225,000	Price determined by LVT to include garage

**£43,692**

### Value of Landlords' current Interests

### Headlessee's Interest.

1.	Head lessee's Profit Rent				£20	
	YP	44.81 yrs @	8 %	3% SF 30% tax	<u>11.79</u>	£236

Freeholder's Interest.

2.	Reversion to capital value disregarding Leaseholder's Improvements, say	£225,000		
	PV £1 in 44.81 yrs @ 5 %	<u>0.1123</u>	<u>£25,274</u>	<u>£25,510</u>

### Landlord's share of Marriage Value

	<u>Proposed interests</u>	£225,000	£225,000
less	<u>Existing interests</u>		
	Value of tenant's interest under existing lease disregarding Leaseholder's Improvements, at say 72.50 % of Freehold	£163,125	
	plus		
	Value of landlords' existing interests	<u>£25,510</u>	<u>£188,635</u>
	Difference (marriage value) =		£36,365
		<b>Landlord's share, @</b>	<b>50 % =</b>
			<u>£18,183</u>

**Compensation payable to Landlord**

£0

## Valuation Summary

Diminution in value of landlord's interest:	£25,510
Landlord's share of marriage value :	£18,183
Compensation payable to landlord :	<u>£0</u>
Premium =	<u>£43,692</u>
but say	£43,692

### Apportionment of marriage Value

Freeholder's Interest	$\frac{£25,274}{£25,510}$	x	£18,183	equals	£18,015	add	£25,274	equals	£43,288	Freeholder's share of premium
Headlessee's interest	$\frac{£236}{£25,510}$	x	£18,183	equals	£168	add	£236	equals	$\frac{£404}{£43,682}$	Headlessee's share of premium

**Premium payable by tenant in accordance with  
Section 48(7) and Schedule 13**

Flat 6, Fiveoaks, Ryecroft Road, Sleaford, Notts

Valuation date:	07-Oct-2006	Date of Collective Ent Claim
Expiry date:	24-Jun-2050	
Existing lease:	44.74	years unexpired
Ground Rent:	£20.00	per annum (fixed)
Deferment rate:	5	%
Landlord's % of marriage value:	50	%
Leaseholder's improvements:	Valuation is on unimproved basis	
Unimproved Market value of:-		
Existing 44.7 ar lease:	say	£195,750 72.5 % of Freehold
Extended 134.7 ar lease:	say	£270,000 100 % of Freehold
Share of Freehold:	say	£270,000 Price determined by LVT

**£41,562**

### Value of Landlords' current interests

1.	Head lessee's Profit Rent				£20	
	VP	44 74 yrs @	8 %	3% SF 30% tax	<u>11.79</u>	£236

2.	Reversion to capital value disregarding Leaseholder's Improvements, say	£270,000	
	PV £1 in 44.74 yrs @ 5 %	<u>0.1127</u>	<u>£30,430</u>

	<u>Proposed interests</u>	270,000	
less	<u>Existing interests</u>		
	Value of tenant's interest under existing lease disregarding Leaseholder's improvements, at say 72.5 % of Freehold	£195,750	
	plus		
	Value of landlords' existing interests	<u>£30,666</u>	<u>£226,416</u>
	Difference (marriage value) =		£43,584
	<b>Landlord's share, @ 50 % =</b>		<b>£21,792</b>

Non Participating Flat, reflect 'hope value' at 50% of 50% of marriage value available	50 % <sup>22</sup>	£10,896
--	--------------------	---------

**Compensation payable to Landlord**

£0

Diminution in value of landlord's interest:	£30,666
Landlord's share of marriage value :	£10,896
Compensation payable to landlord :	£0
Premium =	<u>£41,562</u>
but say	£41,562

Freeholder's interest	$\frac{£30,430}{£30,666}$	x	£21,792	equals	£21,625	add	£30,430	equals	<u>£52,055</u>	Freeholder's share of premium
Headlessee's interest	$\frac{£236}{£30,666}$	x	£21,792	equals	£168	add	£236	equals	<u>£403</u> £52,458	Headlessee's share of premium