

RESIDENTIAL PROPERTY TRIBUNAL SERVICE
SOUTHERN LEASEHOLD VALUATION TRIBUNAL

Case No: CHI/45UF/OCE/2003/0008

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL
ON AN APPLICATION UNDER S.24 LEASEHOLD REFORM, HOUSING AND
URBAN DEVELOPMENT ACT 1993**

Property: Anchor Court, Marine Crescent, Worthing, West Sussex
BN12 4JE

Applicant: Anchor Court (Goring) Ltd (tenants)

Respondents: Mr & Mrs M McCarthy (landlords)

Appearances: For the Applicant:
Ms S Cope, Counsel
Mr C Spratt FRICS
Mr Taylor, Mr Gibbs, Mrs Hillis, Mr Kent (tenants)

For the Respondent:
Mr M Martin FRICS
Mr R Bird FRICS
Ms Ayten, of Nicholas & Co, solicitors

Date of Application to LVT: 19 August 2004

Dates of Hearing: 3 February 2005 & 26 April 2005

Date of Decision: 30 June 2005

Background

1. This is an application by Anchor Court (Goring) Ltd under Section 24 of the Leasehold Reform Housing and Urban Development Act 1993 ("the 1993 Act") for a determination by the Tribunal of the price to be paid for the freehold interest in Anchor Court, Marine Crescent, Worthing ("the Property"). The nominee purchaser seeking to acquire the freehold is Anchor Court (Goring) Ltd. The respondents are Mr & Mrs M McCarthy who own the freehold reversionary interest in the Property.
2. There are six flats within the property. The participating tenants are the lessees of flats 1, 3, 5, and 6. The lessees of flats 2 and 4 are not participating. New long leases of these flats were granted for 999 years from 29 September 2003. The lessee of Flat 2, Jacqueline West, is also one of the freeholders, using her maiden name. The lessee of Flat 4 is the son of the freeholders. The names and status of the current lessees are summarised in the following table:

Name of lessee	Flat number	Status
Thomas Kent and Kathleen Kent	Flat 1	Participating
Jacqueline West	Flat 2	Non-participating
Michael Taylor and Anne Taylor	Flat 3	Participating
Patrick McCarthy	Flat 4	Non-participating
Edward Gibbs	Flat 5	Participating
Zona Moncur	Flat 6	Participating

3. On 13 July 2003 the participating tenants served a notice of claim proposing a purchase price of £30,000 which was later found to be invalid.
4. On 1 March 2004 the participating tenants served a second claim notice under Section 13 of the 1993 Act proposing a purchase price totalling £30,000. It appointed the Applicant as the nominee purchaser for the purpose of Section 15 of the 1993 Act. The Respondents served a counter notice admitting the claim on 30 April 2004 and proposing a purchase price totalling £69,425. The validity of neither the claim notice nor the counter notice was in dispute before the Tribunal.
5. Directions were given on 19 March last requiring the respective valuers to meet and produce a joint report setting out those matters on which they were able to agree and identifying the issues remaining in dispute.

Law

6. The Law is to be found in Section 24 of the Leasehold Reform, Housing and Urban Development Act 1993 ("The Act") which provides that where the reversioner has given the nominee purchaser a counter-notice under Section 21, but any of the terms of acquisition remain in dispute, an LVT may determine the matters in dispute.

Schedule 6 to the 1993 Act contains the provisions relating to the calculation of the price to be paid for the freehold.

Inspection

7. The Tribunal inspected the Property on the morning of 2 February 2005. Mr Spratt and Mr Martin were present during the inspection of the exterior. The Tribunal members were able to gain access to the roof for a visual inspection only. The tenants of Flats 1 and 3 gave access to the interior of their flats. Flat 6 was empty but access was obtained. There was no access to Flat 5 as the tenants were away. The Tribunal did not inspect the interior of Flats 2 and 4.
8. The Property is a two-storey purpose-built block of six flats and six garages with communal gardens. It was constructed in the 1960's, of brick walls under a flat roof. There are some UPVC style replacement windows. It is situated in a residential area on level ground at the junction of Marine Crescent and Sea Place, near the seafront in West Worthing, with an open aspect overlooking lawns behind the beach and promenade. Just opposite to the east was open land used by Worthing Yacht club. Flats 1,2,4 and 5 have three bedrooms, reception room, kitchen and bathroom. Flats 3 and 6 have two bedrooms. Flats 1,3 and 5 are on the ground floor, and Flats 2, 4 and 6 are on the first floor. The block stands in its own grounds with gardens to the front, and pairs of garages and a bin store area at the rear.
9. The Property is overall in reasonable condition, although there is some evidence of damp affecting Flats 6 and 3, probably caused by defects to the balcony of Flat 6. From a cursory visual inspection of the roof, it appeared to the Tribunal that the flat roof covering is old but in a reasonable state.

Hearing

10. The hearing took place over two days on 2 February and 26 April 2005. At the hearing the Applicant was represented by Ms S Cope, of Counsel, who had been instructed by Dean Wilson Laing, solicitors. Mr C Spratt, FRICS, director of C.G. Spratt & Son, surveyors and valuers, gave evidence on behalf of the Applicant. The Respondents were represented by Mr M Martin BSc (Est Man) FRICS FNAEA, consultant to the firm of Harvey & Wheeler. Mr Martin had been instructed by Nicholas & Co, solicitors. Ms Ayem from the solicitors firm was present but took no part in the hearing. Mr Martin also gave evidence on behalf of the Respondent. Both Mr Spratt and Mr Martin gave evidence as experts and their witness statements incorporated appropriate declarations to that effect.

Agreed Facts

11. In accordance with the Directions, the valuers had prepared a Statement of Agreed Facts. The following matters were agreed and accepted by the Tribunal as not being in dispute, and therefore not subject to determination:

- (a) The Property is known as Anchor Court, Marine Drive, Goring by Sea, Worthing. Prior to the purchase of the freehold by the Respondents, the tenants of Anchor Court were offered the opportunity to purchase the freehold by way of notice under Section 5 of the Landlord and Tenant Act 1987 dated 9 April 2002 for a sum of £30,000.
- (b) There are 6 flats within the Property. Each of those is let on a long lease as follows. The unexpired lease term for the 99 year leases of the participating tenants is 59.65 years. A summary table shows:

Flat No	Date of lease	Term	Ground Rent
1	12 Oct 1965	99 yrs from 29 Sep 1965	£25 pa fixed
2	21 Jan 2004	999 yrs from 29 Sep 2003	Peppercorn
3	31 Mar 1966	99 yrs from 29 Sep 1965	£25 pa fixed
4	21 Jan 2004	999 yrs from 29 Sep 2003	Peppercorn
5	16 Dec 1965	99 yrs from 29 Sep 1965	£25 pa fixed
6	20 Sep 1965	99 yrs from 29 Sep 1965	£25 pa fixed

- (c) The valuation date is agreed as the date of the hearing. As the case was not completed at the end of the first scheduled hearing date, this was clarified and agreed to be 2 February 2005.
- (d) The appropriate yield to be used is agreed at 7%.
- (e) The Flats are to be taken as unimproved by the tenants so that no deductions from the existing values of the Flats needs to be made to reflect any tenants' improvements.
- (f) Although Paragraph 4 of Schedule 6 to the 1993 Act requires a valuation involving the aggregate value of the freehold and intermediate leasehold interests, a simplified form of valuation (ignoring the two 999 year leases for Flats 2 and 4 produces the same final result as the aggregate valuation but is simpler to set out and argue).

Matters in Dispute

12. The following matters were identified as being in dispute

- (a) The value in accordance with the 1993 Act of the four Flats with 99 year leases from 29 September 1965 on those existing leases. Mr Spratt values them at £160,000 each for the two bedroom flats, and £170,000 each for the three bedroom flats. Mr Martin values them at: £178,500 for Flat 1; £157,000 for Flat 2; £202,000 for Flat 5 and £169,500 for Flat 6.
- (b) Whether or not the costs of alleged future repairs to the roof and other aspects of the Property should be taken into account, and if so, the appropriate method for so doing.
- (c) The uplift on marriage value and the appropriate method for calculation . Mr Spratt believes it to be 4.5%. Mr Martin believes it to be 11.5%.

Preliminary Issue: Treatment of Air Space

- 13. At the first hearing date a legal issue was raised about the treatment of the roof space and air space above the roof: whether or not this should be included as part of the freehold interest to be transferred, or retained by the landlord, and the impact, if any, that the outcome would have on the purchase price to be paid by the nominee purchaser.
- 14. The Tribunal heard lengthy legal argument from Mr Martin and was provided with a skeleton argument by Ms Cope. The Tribunal decided to deal with the question as a preliminary issue and announced its decision to the parties before proceeding to hear valuation evidence. Had it not done so, the expert witnesses would have had to provide more valuation evidence conditional upon the treatment of the air space, which would have increased both the hearing time and the costs of the parties.
- 15. In summary, Mr Martin's argument was that the air space above the roof should not pass to the nominee purchaser under the transfer as part of the freehold, but could and should be retained by the landlord. He conceded that the premises to which the Applicants would acquire the freehold, under Section 1(1) of the 1993 Act, was the building in which the flats were contained, and that as the flat roof was part of the building, it would be part of the premises. As it was a flat roof, there was no useable roof space, and therefore no future development value could attach.
- 16. Mr Martin contended that the statutory definition of the freehold of the premises did not extend to the air space. The lessees have any right under the terms of their leases to use the air space, so it was not property which could be used in common under Sections 1(3)(b) or 1(4) of the 1993 Act, nor was it appurtenant property for the purposes of Section 1(3)(a) or 1(7).

17. In Mr Martin's analysis, there was therefore a separate legal interest in the air space above the flat roof of the building, and that this would comprise a flying freehold, essentially of a horizontal slice of air above the roof. This was analogous to the freehold of a flat, in a horizontally divided building.
18. The Respondents sought to retain the freehold interest in the air space because, in Mr Martin's view, it had potential development value, which would stay with the reversioner under Schedule 6. It would be technically possible, at some time in the future, for additional storeys to be built above the existing building, supported by side pillars, and hovering above – though not attached onto – the flat roof. A right of support would be necessary, but could be achieved by the freeholder retaining rights of access to the grounds surrounding the building. Mr Martin submitted that the Tribunal had a wide discretion over the terms of the acquisition and thus could make such a provision.
19. In reply to questions from the Tribunal, Mr Martin accepted that there was no realistic chance of achieving this within the foreseeable future, but perhaps within 20 to 50 years, and that there was no current planning permission for such a project. He had no knowledge of any existing external structures to illustrate the idea. He had no legal authority to support his submission because the concept of a flying freehold in the air space in this way was his original idea. He could not explain how such an interest could be registered at HM Land Registry.
20. Ms Cope submitted that Mr Martin's argument was flawed, and based on a misunderstanding of the law. The common law principle, set out on *Megarry and Wade*, was that a freehold includes everything down to the centre of the earth and up to the sky, to such height as is reasonably necessary for the ordinary use and enjoyment of the property. This restriction was merely a restriction of the general presumption, so that aircraft flight paths, for example, would not constitute a trespass above a building. It therefore followed that the Applicant would acquire the whole of the building, the air space above and the ground beneath it.
21. It was for this reason that the exception in Section 1(6) of the 1993 Act was enacted, allowing the freeholder to retain any interest in any underlying minerals. There was no corresponding provision allowing the freeholder to retain its interest in the air space above the building, so it would therefore pass to the nominee purchaser as part of the freehold interest.
22. In addition, the Respondent was not entitled to grant the tenants any rights over the air space, because this only applied to property which the tenants were entitled to in common under Sections 1(3)(b) and 1(4). The air space did not fall within this definition.
23. In Ms Cope's view, as the roof was plainly part of the building, even if the Respondents could retain the air space, this would serve no useful purpose; they could not make use of the air space above it without using the roof, which they

would not be entitled to do. Such an outcome would be absurd, and could not have been in the contemplation of Parliament.

24. Further, Ms Cope submitted that, even if Mr Martin's analysis was correct, then in any previous enfranchisement claim, the air space would have been retained by the landlord and hundreds of flying freeholds would already exist. This was plainly not the case and would again be an absurd outcome. If Parliament had intended to rebut the presumption that a freehold interest included the air space above a building then it would have provided for this by creating an exception, as in Section 1(6).
25. The Tribunal, having considered the point as a preliminary issue, had no hesitation in preferring Ms Cope's argument. It decided that the freehold interest in the premises to be acquired by the nominee purchaser would include the air space, and rejected the proposition that there could ever be a separate flying freehold interest in the air space. The Tribunal considered that Mr Martin's analysis, though ingenious, was basically misconceived, had little merit and was not based on any legal authority.

Valuation Evidence

26. The Tribunal proceeded to hear valuation evidence. The matters in dispute upon which the Tribunal had to make a determination, were as set out in paragraph 11 above. Both valuers gave evidence in accordance with their reports. Although the content of those reports and the oral evidence given at the hearing is not set out here in detail, the Tribunal gave due weight to all of the evidence in reaching its decision. In this Statement is set out what appeared to the Tribunal to be the salient points of both evidence and argument.

The Applicants' Case

27. Mr Spratt, for the Applicants, gave evidence on 2 February 2005 in accordance with his Report dated 13 January 2005. His valuation was £24,150. He submitted that location, saleability, and the character of the flats, were the most important factors in assessing the open market value of the existing leases. Worthing was a retirement area, and the effect of this demographic factor was that selling short leases, in experience, was not a major problem. He had valued the two bedroom flats at £160,000 each and the three bedroom flats at £170,000 each, giving a total of £660,000.
28. Mr Spratt referred to four comparable properties in other buildings and one former sale in Anchor Court, of Flat 2, in April 2003, for £165,000. **10 Seafield Road**, sold in November 2004 for £190,000, was a high quality two bedroom flat contained in a property designed to look like a detached house rather than a purpose built block, and was arguably more sought after. **1 Gloucester Court, George V Avenue**, was a spacious ground floor flat in a purpose built block, sold in October 2003 for £150,000. **165A Goring Road** was some distance from the subject Property, on a main road, but similar in that it was a two storey block with gardens and garages. A

two bedroom flat was sold for £150,000. **68 Marine Parade**, ground floor flat, was close to Anchor Court but superior in character, in the style of a detached house, in a premier location. The flat was sold in November 2004 for £180,000.

29. Under cross examination, Mr Spratt confirmed that two of these flats, **10 Seafeld Avenue** and **68 Marine Crescent**, were freehold flats. He had not taken this into account when assessing existing leasehold values. The remaining three were leasehold. Mr Martin suggested that the Land Registry showed an actual sale price of £154,000 for **165A Goring Road**, that **68 Marine Crescent** was sold in January 2005, and that enquiries of local estate agents showed **10 Seafeld Avenue** to be still on the market at £184,500. Mr Spratt did not disagree.
30. Mr Spratt had taken into account that repair works to the building were necessary, including roof works. He used figures contained in a copy email from managing agents Jordan & Cook, setting out costs totalling £58,920 plus VAT and professional fees plus VAT, rounded to £60,000. He thought works were needed to the building and had taken the agent's figures at face value. On cross-examination Mr Spratt accepted that this was a global sum, and that it was correct to apply it only to the four flats of participating tenants, making the relevant figure £40,000. He also accepted that there was another minor casting error. He later amended his Valuation accordingly on 7 March 2005, with a revised purchase price of £24,179.
31. In relation to uplift, Mr Spratt's view was that there was no transaction evidence to support a high percentage figure, and no LVT decisions in the Worthing area. Because Worthing was primarily a retirement area, in his experience the question of the remaining lease length was not such an important factor as it might be on other areas. He put a figure of £9,000 on uplift which he regarded as realistic and which equated to 5.45%. Mr Spratt said he had looked at LVT decisions dealing with leases of 70 years unexpired and extrapolated back to 60 years. Under cross-examination, Mr Spratt was unable to refer to any specific LVT decisions to support his view.

The Respondents' Case

32. Mr Martin gave evidence on 26 April in accordance with his Report dated 18 November 2004, updated on 22 and 30 January 2005. He drew attention to the fact that the Respondents had purchased the freehold on the open market on 13 September 2002 for £30,000. In relation to the freehold equivalent values, he used a transaction based model. He analysed comparable property values by reference to the price per square foot, using estate agents measurements. On this basis, **68 Marine Crescent**, of similar size to the Anchor Court flats, was £282 psf. **122 Marine Crescent**, a first floor flat on the market in November 2004 at £200,000, was £200 psf. The flat had a better position, but not so good a layout. Both were freehold flats.
33. Mr Martin submitted that the Marine Crescent properties represented the best comparable evidence. He also had regard to the relative sizes, accommodation and position of the Anchor Court flats. He took the view that the first floor flats would

command higher market prices, and that the smaller flats would be slightly less. On this basis Mr Martin found the following freehold equivalent values, totalling £788,000:

<u>Flat No.</u>	<u>£</u>	<u>sq ft NIA</u>	<u>£ psf NIA</u>
Flat 1	199,000	672	296
Flat 2	199,000	675	295
Flat 3	175,000	600	292
Flat 4	210,000	670	313
Flat 5	225,000	739	304
Flat 6	189,000	(600)	315

31. In order to arrive at the existing leasehold values, Mr Martin analysed the history of the transactions in relation to the sale of Flats 2 and 4 Anchor Court. Flat 2 was sold on 23 May 2003 at a price of £165,000. and Flat 4 in July 2003 at a price of £180,000. In view of the close connection of both purchasers with the freeholders, he considered these transactions did not reflect the concept of the willing seller as required by Schedule 6, or the circumstances of the "No Act World". He applied a discount of 5% to arrive at a figure of £171,000 for Flat 4. He then adjusted the figures to reflect any increase in value as at 2 February 2005, to derive equivalent freehold values of £180,000 for Flat 2 and £190,000 for Flat 4.

34. Mr Martin analysed the transaction evidence to calculate that the percentage market uplift in respect of Flats 2 and 4 was 11.1%. This figure also appeared in previous LVT decisions where unexpired leases were between 54 and 66 years. He had examined a number of decisions set out in a table attached to his report. The rate of increase escalates as unexpired lease terms reduce and 11.1% was an accurate reflection of this trend. Demographic factors would not, in his view, diminish the uplift, so the fact that there were no LVT decisions dealing with cases in Worthing was not problematic. Areas with similar demographics, such as Hove, Bournemouth and Eastbourne, could be regarded as useful.

35. Mr Martin's valuation for the existing leasehold interests of the participating tenants totalled £707,000, as follows:

Flat 1	£178,000
Flat 3	£157,000
Flat 5	£202,000
Flat 6	£169,500

36. In relation to the alleged cost of future repairs, Mr Martin did not accept the figure of £60,000. He had obtained a specialist report dated 20 April 2005 from Mr R Bird FRICS, Chartered Building Surveyor, who attended the hearing on 26 April. His evidence was that the total costs of necessary works was £20,290 including VAT and management charges. He did not consider that any work was needed to the roof,

which although 20 years old, was sound, watertight, and could be expected to last at least 5 more years.

37. £20,290 was again a global figure. Apportioned between all the flats, the amount applying to the four participating tenants was £13,528. On the basis that in a market sale there would be a likely negotiated reduction in the purchase price to split the difference, arriving at £6,764. However, Mr Martin considered that this figure should not be included in the final valuation calculation, because the freehold equivalent values assumed that the building would be in good repair. Moreover, Mr Spratt's valuation included the cost of works figure twice, in both the existing leasehold values and the freehold equivalent values, thus cancelling each other out.
38. Under cross examination, Mr Martin agreed that he was not based in the area, but contended that he had extensively researched the local market. In relation to the comparables he had chosen in Marine Crescent, he accepted that they were superior in some respects, but not to the extent that it would make a significant difference to value. He did not agree that he had over-valued the freehold equivalent values. He accepted that he had calculated higher figures per square foot for Anchor Court, but they were based on a correct analysis of the transaction evidence and were unsurprising.
39. In relation to the uplift, Mr Martin accepted that the LVT decisions he had referred to were not in Worthing, and that it was open to the Tribunal to consider the point afresh. Ms Cope suggested that the trend shown in the LVT decisions suggested an uplift of less than 10% should apply to a lease with an unexpired lease term of 59 years in Worthing. Mr Martin did not accept this; he considered that demographic factors were more important than geographical location.
40. In summary, Ms Cope submitted for the Applicant that Mr Spratt's evidence was to be preferred on existing leasehold values because it was based on sound local knowledge and more comparable market evidence; and that Mr Martin's existing leasehold and equivalent freehold values were too high.
41. Mr Martin relied on his main evidence, and submitted that Mr Spratt's evidence was lacking in detail and inaccurate in places.
42. In relation to costs, the Tribunal was asked to assess costs. The Applicant is liable to pay the Respondents' reasonable costs in accordance with Section 33 of the 1993 Act. A Schedule of costs was provided: consideration of six leases at £250 per lease, £1,750; Mr Martin's valuation costs, 5 hours at £200, £1,000; investigation of the right to acquire, 2.5 hours at £235, £587.50; Counsel's opinion on the validity of the second Notice, £636.56; grand total £4,274.06 including VAT.

Decision

43. The Tribunal accepted all of the issues that were identified as not being in dispute, as set out in paragraph 11 above. It considered all the written evidence and representations made at the hearing by the valuers for both parties, in relation to the items still in dispute.
44. The Tribunal took the view that the availability of freehold flats was a characteristic of the housing market in Worthing, and that therefore this was the correct starting point to assess the freehold equivalent value of the flats in Anchor Court. It accepted the assumption that comparable freehold flats would be offered in good repair.
45. On balance, the Tribunal decided that there was not a marked differential in value between the ground floor and first floor flats at the Property, in terms of size, layout and character. The three bedroom and first floor flats commanded slightly higher prices in the open market. While Mr Spratt had failed to give adequate weight to the fact that some of his comparables were freehold flats, Mr Martin had underestimated the importance of the difference in superior character, location, and style of the comparables in Marine Crescent.
46. On this basis, the Tribunal decided that the total freehold equivalent value of the flats in the Property was £725,000, broken down as follows:

Flat 1 (ground floor 3 bed)	£180,000
Flat 3 (ground floor 2 bed)	£175,000
Flat 5 (first floor 3 bed)	£190,000
Flat 6 (first floor 2 bed)	£180,000

47. Turning to the existing leasehold values, the Tribunal preferred, and was assisted by, the current open market evidence. In its view, the evidence of the sale of Flat 2 Anchor Court, did not indicate or produce an out on line result, such as to warrant any adjustment in price, as perceived by either a special purchaser, or the Schedule 6 “No Act World”. It considered that Mr Martin’s approach resulted in an artificially high existing leasehold value for Flats 2 and 4. From its collective knowledge and experience, it put the total existing leasehold value of the participating tenants’ flats at £665,000, broken down as follows:

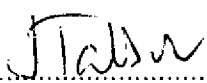
Flat 1	£165,000
Flat 3	£160,000
Flat 5	£175,000
Flat 6	£165,000

48. The Tribunal decided that the contingent liability to repair, and the likely known costs of the repair works at the valuation date, would affect, and reduce, the existing leasehold values, by comparison with their values if in all respects the flats were in good repair. In the absence of any cogent evidence to the contrary, the Tribunal accepted as accurate Mr Bird’s opinion of the likely cost of the necessary works at £20,290. Using their experience, the Tribunal further decided that the outcome of a

cost-splitting exercise upon negotiation between a willing seller and buyer in the open market would be represented in a reduction of 50% of £20,290 for six flats, thus £13,526 for four flats, with a resultant 50:50 costs split at £6,764.

49. On uplift, the Tribunal decided that Mr Spratt's figure of 5.45% was flawed. It was not based on any detailed or accurate analysis of the transaction evidence. Mr Martin's figure of 11.1% was too high. His method led to an over-value of the equivalent freehold values. He relied too heavily on the Marine Crescent comparables, which the Tribunal considered were of higher value because of better location, appearance and extra facilities compared with Anchor Court. The Tribunal's values produce an uplift of 9% which in its view is a more realistic figure.
50. The Tribunal concluded, and orders, that the amount payable by the tenants' nominee purchaser for the freehold interest in the Property, is **£37,107**. The valuation appears as Annex 1 to this Statement of Reasons.
51. The Tribunal approved the level of the landlords' costs as sought and orders the Applicant to pay these in accordance with Section 33 of the 1993 Act.

Dated 30 June 2005


.....
Ms J A Talbot
Chairman

Annex 1 – referred to above
(The Calculations of the Price to be Paid – The Schedule 6 Valuation)
Date of Valuation 2nd February 2005 – The Date of Hearing

In accordance with the Agreed Statement of Facts, Flats 2 & 4 have been omitted from these calculations.

THE FREEHOLDER'S PRESENT INTEREST (Schedule 6. Para 3 LRH & UDA 1993)

Term

The 4 participating flats. Ground rents (fixed) @ £25 p.a. each	£100	
yp 59.65 yrs @ 7%	<u>14.033 yp</u>	
		£1403

Reversion (Freehold Equivalent Basis)

Flat 1 Ground Floor 3 bed	£180,000	
Flat 3 Ground Floor 2 bed	£175,000	
Flat 5 First Floor 3 bed	£190,000	
Flat 6 First Floor 2 bed	<u>£180,000</u>	
	£725,000	
p.v. £1 deferred 59.65 yrs @ 7%	<u>0.0176709 yp</u>	
		<u>12,811</u>
Total of Freeholder's Present Interest		£14,214

FREEHOLDER'S SHARE OF MARRIAGE VALUE (Schedule 6. Para 3 to the 1993 Act)

Value after the Transactions **£725,000**

Lessees New Interests (4 participating flats as above)

Deduct in repairs (for 6 flats)	£20,290	
Thus for 4 flats	£13,528	
Outcome cost splitting on negotiation 50:50	<u>6,764</u>	
		£718,236

Deduct in:-

Lessees Present Interests

Flat 1	165,000	
Flat 3	160,000	
Flat 5	175,000	
Flat 6	<u>165,000</u>	
		£665,000

Deduct in:-

Repairs (for 6 flats)	20,290
Thus for 4 flats	13,528

Outcome cost splitting

On negotiation 50:50

6,764

658,236

60,000

Less Freeholder's Present Interest as above.

14,214

Marriage Value

45,786

Freeholder's Share of Marriage Value @ 50% thereof

£22,893

Compensation

NIL

Total Price Payable

£37,107