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Ref LON/LVT/1269/00

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT PANEL

Leasehold Reform Act 1967 (as amended)

**DECISION OF LEASEHOLD VALUATION TRIBUNAL
ON AN APPLICATION UNDER SECTION 21 OF THE LEASEHOLD REFORM ACT 1967**

Applicant: Kajetan Kalish
Jennifer May Kalish
John Peter Kalish
Christina Veronica Ann Young

Respondent: Rahar Properties Ltd (In voluntary liquidation)

RE: 13 Queens Gate Gardens, London, SW7

Date of Tenant's Notice: 15 July 1999

Date of Landlord's counter notice: 13 September 1999

Application to Tribunal dated: 7 June 2000

Heard: 9 January 2001

Appearances: Mr Simon Burrell of Counsel instructed by Alison Taylor of Messrs Bircham & Co
Lord Francis Russell BSc MRICS of Lord Francis Russell & Co
Mr Christopher Griffith-Jones of Chesterton De Groot Collis

(Mr J P Kalish & Ms C V A Young attended) for the tenant

Mr Anthony Radevsky of Counsel
Mr Peter Beckett FRICS of Stiles Harold Williams
Mr Kamil Chowdhury BSc MRICS of FPD Savills
Mr John Whyte of Boyle & Co

(Mrs Devlin attended) for the Landlord

Valuation Date: 15 July 1999

Lease: Dated 18 July 1952 for a term of 59 years from 24 June 1952 at a yearly rental of £50.

Members of the Leasehold Valuation Tribunal:

Mrs V T Barran BA (Oxon) (Chairman)
Mr D Levene OBE MRICS
Mr J Tomalin

Date of Tribunal's decision: 2. APRIL 2001

13 QUEENS GATE GARDENS

THE FACTS

- 1.1 13 Queens Gate Gardens is a substantial seven storey house built circa 1860, located in South Kensington, central London. It has an agreed gross internal area (disregarding improvements) of approximately 720 m² (7750 sq ft). It is listed Grade II and is in the Queens Gate Conservation Area. The house has been altered in numerous ways over the years and is currently laid out as a number of flats and maisonettes. There is a small rear yard. All floors including the basement have good ceiling heights and there are a limited number of period features remaining. The conversion into units is dated and of poor quality and the house is, by today's standards, largely unmodernised. There is no lift in the property.
- 1.2 Queens Gate Gardens is a quiet residential square, with a one way traffic system, two blocks to the north of the Cromwell Road, and less than five minutes walk from Gloucester Road underground station. The house faces south over the square garden, which on three sides consists of similar large Victorian houses. The west side of the square is, by contrast, occupied by a large 1950's block, which to some extent detracts from the outlook from the house.
- 1.3 On 15 July 1999, the valuation date, the lease had an unexpired term of approximately 11 years 11½ months. The ground rent is £50 per annum. The Tribunal are required to determine the price payable for the house in accordance with Section 9 (1A) and

Section 9 (1C) of the Leasehold Reform Act 1967 (as amended). Two of the statutory assumptions are worthy of particular note in this case:

Section 9 (1A) (c) assumes the tenant has no liability to carry out any repairs, maintenance or re-decorations under the terms of the tenancy.

Section 9 (1A) (d) requires that the price be diminished on account of tenants' improvements.

1.4 A hearing took place on 9 January 2001. Appearances are listed on the front sheet.

The Tribunal had the benefit of the following written submissions:

- (i) Proof of evidence from Lord Francis Russell
- (ii) Proof of evidence of Mr Christopher Griffith-Jones
- (iii) Statement of facts and Report of Mr Peter Beckett
- (iv) Report of Mr Kamil Chowdhury
- (v) Report of Mr John Whyte
- (vi) Schedule of works analysing three licences to show history of conversion of house into flats since 1952 prepared by Mr Burrell.
- (vii) Closing submissions from both Mr Burrell and Mr Radevsky.

1.5 Most reports/proofs contained a number of supporting appendices. No agreed statement of facts was available. The witnesses amplified their written statements and were questioned by both Counsel and by members of the Tribunal. At the end of the hearing both Counsel were allowed fourteen days to send closing submissions. The

Tribunal inspected the house, and the exterior of the comparables shown in Appendix I, on 10 January 2001.

- 1.6 The valuation of Lord Francis Russell, for the tenants, proposes a premium of £879,617 and is attached as Appendix II. The valuation of Mr Beckett, for the landlord, proposes a premium of £1,340,00 and is attached as Appendix III.

2. **AGREED MATTERS**

1. Marriage value to be split 50/50.
2. No compensation to be paid to the Respondents under Section 9A of the Act.
3. Yield to be 6.25% (both for capitalisation of ground rent and for deferment of the reversion).
4. Some tenants improvements agreed namely:
 - (i) Fifth floor, former small "cruciform" attic rooms converted to full size flat, only slightly set back from main walls of house.
 - (ii) Extension to rear of building at first floor level, with mezzanine floor mainly over extension.

3. **THE ISSUES:**

- (i) The value of the freehold.
- (ii) The value of the existing lease.

Theoretically affecting both these issues are two subsidiary factual questions:

- (a) whether the property is to be valued as a house or as a number of units
- (b) whether it would be possible to install a lift.

4. **WHETHER AT THE DATE OF LEASE THE HOUSE WAS A SINGLE UNIT OF ACCOMMODATION OR HAD BEEN CONVERTED?**

4.1 Mr Burrell for the tenants, argued that at the date of the grant of the lease (18 July 1952) the house was occupied as a single residence and was subsequently converted into a number of units. Lord Frances Russell had produced three licences dated 18 July 1952 (same date as lease), 28 February 1957 and 8 January 1960, together with floor plans, and a plan of proposed alterations with a hand written annotation on drainage dated 1907. Mr Burrell analysed the user provisions in the lease, which although containing some inconsistencies, when construed as a whole he said supported his contention. Of particular importance was the fact that the date of planning permission for user other than as a single dwelling house had not been completed in the schedule to the lease.

4.2 Mr Burrell also analysed the provisions of the three licences in some depth and concluded that the works leading to self contained units could not have been carried out prior to the 18 July 1952. With his closing submission, he produced a "Specification of War Damage and Repairs " dated October 1951, prepared for Mr K Kalisz (sic), which he stated supported the statement of Mrs Kalish, that the layout of the house at the time the lease was granted, was as a house in accordance with the "1907" plan.

- 4.3 Mr Radevsky, for the landlord, contended that the burden of proving when the conversion works were carried out lay with the tenants. The rating records indicated that the house had been converted into flats sometime between 1936 and 1 July 1953 (the date of the Valuation Officer's direction). It was not known when the planning permission referred to in the schedule of the lease was granted. The 1957 licence involved retrospective consent for some works and it could have been that there had been a contract to carry out the conversion works, prior to the grant of the lease, particularly since the belatedly produced 1951 specification had been commissioned by Mr Kalish. This 1951 specification showed some minor changes from the position shown on the "1907" plan. The evidence of Mrs Kalish that no works had been carried out since the "1907" plan at the time of the 1952 lease was therefore, not entirely accurate.
- 4.4 The Tribunal considered that from the documents submitted, it would be very difficult to conclude that the conversion works were carried out before the lease was granted. We accept that the 1951 specification for war damage (produced only with the closing submissions, but not objected to by the landlord) makes it clear that Mr & Mrs Kalish appeared to have had some interest in the property prior to the grant of the lease, although their address in the lease is given as Southwell Gardens. We also accept that there are some differences from the "1907" plan, which throw some doubt on the statement of Mrs Kalish. However these differences are fairly minor and the specification does indicate that in October 1951 the house was basically as built. The

question remains whether the conversion works could have been carried out between October 1951 and July 1952.

4.5 We are at a disadvantage because we do not have coloured plans, and it is not completely clear what works were done and precisely when. It would have been helpful perhaps if the expert witness reports had included research into the planning history. Plans attached to the 1957 licence were signed on 18 May 1953 and it can only be a matter of speculation as to why it took so long for the 1957 licence to be completed. It does however, seem clear to us that the purpose of the 1957 consent was to put on a proper basis, what had been done since the grant of the lease. It is in part retrospective. The removal of the second staircase and turning of the lower part of the grand main staircase, crucial to self containment, is still mentioned in the 1957 licence.

4.6 There was no evidence of a contract prior to the lease and we accepted the view of Lord Francis that it was difficult to get building materials in the post war period. The fact that the 1952 licence (described as 'supplemental to the lease') envisages the lessees as being "desirous of making certain alterations" and is not a retrospective licence seems on the face of it to support the tenants' case. Construing the user provisions of the lease as a whole, despite their inconsistencies, and taken together with the provisions of the 1952 licence, the documentation indicates to us that the scheme envisaged by the parties at that time was that the house would be converted into units at a future date ie after the date of the grant of the lease.

4.7 On the balance of probabilities therefore, we decided that the house should be valued as such and the later tenants' improvements, particularly removal/alteration of staircases and conversion into six units should be disregarded.

5. **COULD A LIFT BE INSTALLED?**

5.1 To quote Mr Radevsky:

“Much was made of the difficulty of installing a lift in the subject property”.

The tenants considered it unlikely that planning permission would be obtained for a lift. Mr Griffith-Jones explained that the roof line of a listed building cannot be altered and that current local authority requirements for a lift are stringent. An eight person lift, with wheel chair access, would be probably required. On being cross examined by Mr Radevsky, he admitted the possibility of a lift part of the way up the building, with perhaps a triplex at the top, but he considered this would produce a unit that would only appeal to a limited section of the market, not to the elderly or to those with young children. Lord Francis had spoken on the telephone to the local planning officer, who had confirmed that the Royal Borough of Kensington and Chelsea would, as a matter of principle, refuse any planning consent which involved removal of either the main staircase or the secondary staircase, (which on our finding as to tenants' improvements are to be assumed to be in situ).

5.2 Mr Chowdhury considered that if a lift could be installed in the property it would increase the freehold value by some 10% (£200,000 on his valuation). Mr Radevsky asked the Tribunal to accept that a developer in the enthusiastic market of mid 1999, would not reduce his bid because of the risk of not getting consent for a lift. He pointed out that the comparable at 56 Queens Gate was given planning permission for a lift. There was no evidence of refusal of planning consent for a lift in this house nor in any comparable building in the vicinity. Planning officers are cautious with telephone enquiries. The 1952 licence shows that there was originally a lift in the building from basement to second floor, taken out as part of tenant's improvements, and there would therefore be no need to apply for consent for a replacement of this.

5.3 With the benefit of inspection, and having studied the plans, the Tribunal considered that the lift referred to by the landlord could only have been a service lift or dumb waiter and that it would only have served the basement and ground floors, with perhaps space for the machinery above at first floor level. We were however persuaded by Mr Beckett's who stated that the important consideration is not so much what will actually be accepted by the planning authority, as what developers will anticipate may be accepted when they approach the local planning authority for planning permission and listed building consent. He considered that "by hook or by crook, an intelligent and resourceful developer will install a lift". We accepted this approach and are supported in our view by the physical layout of the house. The consequent allowance in our valuation can be seen below.

6. **THE VALUE OF THE FREEHOLD**

6.1 Lord Francis Russell proposed £1,550,000 (£200 per sq ft GIA) and Mr Beckett £2,100,000 (£271 per sq ft GIA).

6.2 It is common ground that the likely purchaser of the freehold would be a developer, who would carry out a complete refurbishment and conversion of the house to provide high quality units, which would be sold on long leases. The question of whether the property (if valued as a single house) would be granted planning consent for use as flats was not aired in detail but both sides based their valuation on comparable evidence of properties sold for conversion in the locality. Evidence was given that only one house in the square remained as a single occupancy unit.

6.3 Lord Francis for the tenants analysed three unrefurbished comparables, namely 3 Southwell Gardens, 31 Elvaston Place and 56 Queens Gate. He relied particularly on 3 Southwell Gardens, because it was converted without a lift. He considered the sale of 31 Elvaston Place to have been remote in time (March 1997). He considered that 56 Queens Gate was unique in that it was sold with planning permission including a lift and the planning consent indicated that it was a special case. His valuation was supported by the development appraisal exercise carried out by Mr Griffith-Jones, expressed to be a cross-check. He relied on prices realised by units at 16-20 Queens Gate Terrace and 35-49 Queens Gate Terrace (Prince Albert House) to support his

estimate of realisation in his residual approach but he did not have regard to the sale prices of the properties for conversion which were available to him. Lord Francis submitted that with the original and secondary staircase in situ, there would be limits on the development potential including the incorporation of a lift, but he did not mention that this would prevent a conversion taking place and his valuation was derived from transactions for this purpose.

6.4 He considered that the house, once fully refurbished, could provide two maisonettes, one at fourth and fifth floors and another at first and half landing level, with flats on each of the second and third floors, a four room flat at ground floor level and a four room flat in the basement. Lord Francis adjusted for time in his evidence by reference to Savills Residential Capital Value Index. He was subject to questions on this, on the basis that the value of development property did not move in line with residential property values in a period when development opportunities were becoming scarce and there was intense competition for any coming onto the market. He also made adjustments for location, planning risks and possibility of lift in arriving at his valuation derived from comparable evidence.

6.5 Mr Chowdhury, called on behalf of the landlord, relied on four main comparables, which were 3 Southwell Gardens, 45-46 Queens Gate, 90-92 Queens Gate and 56 Queens Gate. He considered 56 Queens Gate to be the best comparable because it was sold close in time to the date of the valuation and is similar in style and location. 3 Southwell Gardens was sold in a weaker market and was an inferior building and location. 45-46 Queens Gate and 90-

92 Queens Gate were comparable in terms of location, but substantially larger than the subject house. He used a residual cash flow appraisal as a check. He admitted the use of a theoretical residual cash flow appraisal involving many assumptions was open to criticism. His valuation of the freehold, with potential for lift installation was £2,100,000 and without a lift was £1,900,000.

6.6 Mr Chowdhury considered 56 Queens Gate to be the best comparable and adopted £270 per square foot with lift, and £245 without. In answer to questions he said he would add between 5-10% for the valuable consideration of having obtained planning permission including for a lift prior to the sale. In arriving at these values he had made no specific adjustments to the comparable evidence for the passage of time, location, planning risk etc.

6.7 Mr Whyte gave evidence as to the value of hypothetical flats in the property on completion of a high quality conversion. He had regard to firstly to sales of flats in Queens Gate Gardens itself and secondly to sales of flats in the surrounding streets, both in the year 2000. He adjusted backwards for the passage of time but also pointed out that the purchaser of the freehold in 1999 would look forward to 2000 (when he would sell the flats). He concluded that such flats would have sold at an average of £6,000 per square metre in 1999.

6.8 We inspected the comparables, as suggested by the parties, and shown in Appendix 1 together with our brief comments on each.

6.9 We made adjustment for time having studied the Savills index for prime central London for the period of the comparable transaction (March 1997 – December 1999). We further allowed some uplift to reflect the evidence that the market for development property was showing very high demand. *Our adjustments are as follows:*

Year March 1997 – 1998: 1.5% per month 18% per annum

Year March 1998 – 1999: no change

Year March 1999 onwards: 2.5% per month.

6.10 We considered that the subject house suffers to some extent from the view of Campbell Court, the 1950s block, but considered that the outlook over the square garden and access to the square would be very strong selling points. Mr Chowdhury contended that Queens Gate was inferior and on balance we agreed with this. Although the buildings in Queens Gate are more imposing, we considered that a residential purchaser would prefer the quieter location of the subject, with the amenity of the square. We found Southwell Gardens and Elvaston Place to be less good locations than Queens Gate Gardens, although 31 Elvaston Place being a corner property was a better building. We were of the view that the larger comparables, which comprised more than one house, would be likely to command a higher price per square foot.

6.11 We preferred the ample market evidence of properties sold for conversion in this area rather than considering residual “valuations” in any depth. Both landlord and tenant had criticised the other’s residual approach, on the usual

grounds, as well as the realisation estimates. Each have said that they are only checks. In our view they are self full-filling calculations, with the headline figures adopted high/low to justify the value arrived at by comparison. For example Mr Chowdhury had admitted that his starting point was a price advised to him by colleagues, when marketing a property in Queens Gate. His figure was not supported by Mr Whyte's evidence. Lord Francis did not quantify his adjustments and came to £216 per square foot, derived from 56 Queens Gate but he considered this to be justified by the existence of the planning permission and he adopted a figure of £200 psf to arrive at his valuation. While the evidence does require some subjective adjustments, we prefer the market evidence approach, and in the circumstances reject the residual appraisal/checks.

6.12 We also took into account the evidence of Mr Chowdhury as to the condition and irregular shape etc, because he had seen the properties. Where there was clear evidence that a property was sold with the benefit of planning permission we made a 10% adjustment, but where the position was uncertain although there was a likelihood that planning consent could be obtained, we made an allowance of 5%. Having adjusted for date, location, building type, planning permission and provision of lift, we adopted a basic price of £220 per square foot GIA. This is for the subject house available for conversion, without planning permission, without a lift, in fair condition and in the subject location.

6.13 Whilst as explained above we accept that by “hook or by crook” a lift could be installed in the subject property, we considered a 10% uplift to be too high. We prefer to consider this as “hope value” (taken together with the likelihood of obtaining planning permission) and have made a upward adjustment of 5%. Our consequent valuation of the freehold is £1,790,000 (rounded).

7. THE VALUE OF THE EXISTING LEASE

7.1 Lord Francis proposes £542,500 and Mr Beckett £435,744.

7.2 It was common ground that no evidence of comparable sales of 12 year leasehold interests in similar properties could be found in the locality. Lord Francis explained that therefore reluctantly he had been obliged to rely on various relativity graphs and tables including from John D Wood/Gerald Eve, Savills and W A Ellis. He also analysed some transactions including 1 Camden Hill and 30 Eaton Mews North and concluded that a relativity of 35% of his freehold value be adopted. He checked this by reference to a potential purchaser who might spend £300,000 on modernisation, having acquired a short lease at his valuation of £542,500. This might be more appealing than paying say £5,000 per week, so that after three years £780,000 would have been spent and the “renter” would have nothing to show for it. He considered that this view had no scientific value but was the way real market worked. The figure of £5,000 per week was supported by W A Ellis.

7.3 Mr Beckett discussed five possible approaches to “the very difficult question of the leasehold value...”. He considered the ratio approach to be subject to a high degree of variation and was not appropriate where the freehold value was on the basis of redevelopment. He did not consider that a developer would purchase for modernisation although, he might buy a 12 year lease with a view to sub selling individual flats (if the LVT valuation is to be on that basis). He correctly pointed out that the hypothetical purchaser of a twelve year lease could not, under the Act, be assumed be in a position to extend the lease or purchase the freehold. He considered letting the flats as they stood the most likely possibility and arrived at his valuation on this basis. Finally his fifth approach was to consider the position of a purchaser of an unconverted house, who could either let it as a whole, convert it into flats to let or let it as rooms. In his view such a purchaser would be a “rare bird”. Mr Whyte did not think his firm would accept instructions to sell a twelve year lease. Both he and Mr Whyte were cautious in placing a rental figure and he thought the net rental value would be correspondingly lower than £89,000 per annum for a whole house which was his net figure from the letting of the existing flats. It would be even lower if the house was let as a house in multiple occupation because of the need to comply with statutory requirements. He described his valuation of £454,541 based on letting the flats as they stood as optimistic and he would reduce this to £350,000 if the property was to be considered as a house.

7.4 As explained above the Tribunal have determined this property should be valued as a house. We agree with Mr Beckett that evidence of relativities is of no help. Firstly the scales plotted on the graph are generally accepted to be

unreliable for very short terms. Secondly, because the freehold value is based on development value, it would bear no relationship to a leasehold interest in the property for occupation as a single family house with only twelve years unexpired. We considered that the transactions at Camden Hill and Eaton Mews North which Lord Francis contended supported his percentage figure, were in respect of very different types of property both in type and location and were not comparable for this purpose. Our view was that there could be a market for the property as a single house from private or perhaps diplomatic sources, but the house would require total modernisation. It would need rewiring, heating, new kitchen, and bathrooms together with complete redecoration and provision of carpets, curtains etc. We found the tenant's suggested rental of £5,000 per week to be high, given the lack of modernisation and that very substantial expenditure would be required to command this rent which could not be justified over a short term.

- 7.5 We considered that the basis of valuation of the twelve year lease should be that of a long term letting for the period of the lease and that for such a term, it would not be expected that the property would be brought up to the highest standard. Making the best of the limited evidence put to us, we considered that a reasonable starting point would be an achieved rent of £150,000 per annum (a little under £3,000 per week). We accept Lord Francis Russell's estimate of £300,000 for modernisation to a reasonable standard necessary to command such a rent. We therefore arrived at a speculative value of £425,000 (rounded) as detailed in part 3 of the valuation attached to Appendix 4.

8. DETERMINATION

The Tribunal determined the premium payable under the Act in respect of 13 Queens Gate Gardens, SW7 to be £1,117,000, as shown in the valuation attached as Appendix

4.

CHAIRMAN.....*Veronica Barron*.....

DATE..... 2 APRIL 2001

COMPARABLES FOR FREEHOLD

Appendix I

Property	Date of Sale	GIA sq.ft.	Price achieved £	Description/Remarks	Comments of LVT
16,18,20 Queens Gate Terrace	December 1997	20,061	5,500,000 (£274.16 per sq ft GIA)	Three terrace houses converted to 18 flats and 3 mews houses. Grade II listed – lift. sold with planning permission.	Better building. Similar location.
35-49 Queens Gate Terrace (Prince Albert House)	June 1997	Unknown	13,500,000 (-)	Listed building. Extremely large development of eight interconnected terrace houses. Now 32 flats.	Different market: not a useful comparable.
3 Southwell Gardens	July 1998	6,760	1,335,000 (£197.48 per sq ft GIA)	Seven storey house “loosely arranged as self-contained flats”. “poor state of repair”. Now converted into 6 flats, without lift.	Less good building and location. Narrow mixed street.
31 Elvaston Place	March 1997	10,300	1,900,000 (£184.47 per sq ft GIA)	Corner property. Lift. LFR Says p.p. Previously an hotel.	Better building less good location.
56 Queens Gate	September 1999	9,000	2,500,000 (£277.78 per sq ft GIA)	Six storey house. Grade II listed sold with planning permission for three maisonettes including an extension and lift.	Better building. Location good but on busy main road. Not marketed.
45-46 Queens Gate	January 1999	25,307	4,700,000 (£185.72 per sq ft GIA)	Corner plot with three front doors. Pair of six storey houses. Grade II listed. Existing lift. Sold without p.p. in poor condition with poor internal layout (L). Former Saudi Embassy now being converted into flats.	Location good but on busy main road.
90-92 Queens Gate	November 1999	21,464	5,550,000 (£258.57 per sq ft GIA)	Three six storey houses. Grade II listed. Educational user – sold for this use. .	Poorer location. Special user, therefore not a useful comparable.
Subject	Valuation date 15 July 1999	7,750			

Valuation by Lord Francis Russell for Tenants

Mr & Mrs Kalish
Leasehold Reform Act 1967 as amended
13 Queens Gate Gardens London SW7

	val. date	expiry date	
Enfranchisement Valuation	Jul 1999	Jun 2011	
Landlords' Present Interest:			
Ground rent per annum			£50
Years' purchase for: 11.9 years, at 6.25%			<u>8,244</u>
			£412
Reversion to full value, freehold, with vacant possession			£1,550,000 *
Present value of £1 af 11.9 years at 6.25%			<u>0.48472</u>
			£751,322
Open market value of landlords' present interest			£751,734
Diminution in landlords' interest			£751,734
Marriage Calculation			
Freeholders' proposed interest			£0
plus lessee's ditto			<u>£1,550,000</u>
combined proposed interests			£1,550,000
less landlords' present interest			£751,734
and lessee's ditto at 35.0%			<u>£542,500</u>
(ignoring the right to claim)			
combined present interests			<u>£1,294,234</u>
Total marriage value			£255,766
Landlords' share @ 50%			<u>50%</u>
			£127,883
Freehold Price exclusive of costs			£879,617
LFR			

09-Jan-01

* this figure of £1,550,000 equates to £ 200.00
per sq ft based on a GIA of 7,750 sq ft

This is the position as per submission to Tribunal.
Shown is the revised valuation reflecting the yield agreed between the parties @ 6.25%

Stiles Harold Williams
Leasehold Reform, Housing and Urban Development Act 1993
13 Queens Gate Gardens, London SW7

1. Components of the valuation and price payable

Date of valuation:	15-Jul-99
Lease expires:	24-Jun-11 Years unexpired: 11.92
Ground rent now:	£50 per annum
Yield:	6.25%
Landlord's share of marriage value:	50%
Value of lessee's improvements	House valued unimproved

Value of the property

Enfranchised	<u>£2,100,000</u>
<i>12-year lease:</i>	
Rental value (see attached)	£89,000 per annum
YP 11.92 years @ 8.25%/2.5%/40p	<u>4.8960</u>
Value of the 12-year lease	<u>£435,744</u>

Price payable

(see attached sheet for detail)	<u><u>£1,340,000</u></u>
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08-Jan-01

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Stiles Harold Williams
Leasehold Reform, Housing and Urban Development Act 1993
13 Queens Gate Gardens, London SW7

2. Valuation

a) Value of landlord's interest

i) Ground rent now	50		
YP 11.92 years @ 6.25%	8.2325		
		412	
ii) Reversion to VP value	2,100,000		
Deferred 11.92 years @ 6.25%	0.4855		
		1,019,550	
Value of landlord's interest			1,019,962

b) Landlord's share of marriage value

Value in possession	2,100,000		
Landlord's interest after enfranchisement	0		
Value of combined interests after enfranchisement		2,100,000	
Value of lessee's current interest	435,744		
Value of landlord's current interest	1,019,962		
Value of combined interests before enfranchisement		1,455,706	
Marriage value		644,294	
Landlord's percentage share		50%	
Landlord's share of marriage value			322,147

c) Compensation to landlord

			0
Price payable under the Act		1,342,109	
But say			£1,340,000

8-Jan-01

\\Holborn\E:\Peter\Excel\Stiles Harold Williams\Queen's Gate Gardens.xls!\Valuation'

Decision of the Leasehold Valuation Tribunal

Leasehold Reform Act 1967 (as amended by the Leasehold Reform, Housing and Urban Development Act 1993)

Valuations in accordance with Sections 9(1A) and 9(1C)
Leasehold Reform Act 1967

13 QUEENS GATE GARDENS, LONDON, SW7

1. VALUATION OF FREEHOLD IN POSSESSION

- (a) Terrace house facing square gardens on basement, ground, four upper floors and attic ignoring tenant's improvements being a single dwelling house in basic unmodernised condition and having a gross internal area of 7750sf.
- (b) Having regard to prices derived from the Schedule of Comparable Transactions (Appx I) adjusted for date, location, building type, planning permission and provision of lift etc; basic price adopted reflecting house available for conversion, without planning permission, without lift, in fair condition and in subject location - £220psf GIA.
- | | | | | |
|-----|--|--------|-----------|----------|
| (c) | Total GIA | 7750sf | @ £220psf | £1705000 |
| | add for likelihood of planning permission
including provision of lift | | plus 5% | £1790250 |
| | | | say | £1790000 |

2. VALUATION OF LANDLORDS PRESENT INTEREST

- | | | | |
|-----|---|---------------|----------------|
| (a) | Existing Ground Rent | £50 | |
| | Years Purchase 11.92
years at 6.25% | <u>8.2325</u> | £ 412 |
| (b) | Reversion to Freehold in
possession | £1790000 | |
| | Present Value £1 deferred
11.92 years at 6.25% | <u>0.4855</u> | <u>£869045</u> |
| (c) | Value of Landlords Present Interest | | <u>£869457</u> |



3 VALUATION OF LEASEHOLD INTEREST

- (a) Description as at para 1(a) above.
- (b) On the basis of a letting of the house as a whole for occupation as a single dwelling house subject to modernisation to bring the property up to a reasonable modern day standard.
- (c) Estimated Rental Value on a letting of the property for the period of the lease, having regard to evidence submitted by parties - £150000pa.
- (d) Allowance for works needed to modernise and bring the property up to modern day standard to command the rent.

(e)	Estimated Rental Value	£150000
	Years Purchase 11.92 yrs	
	@ 8% and 2.5% allow	
	for tax at 40%	<u>4.9561</u>
		£743415
(f)	Allow for works	<u>£300000</u>
		£443415
(g)	Round down for speculative value say	<u>£425000</u>



4. <u>CALCULATION OF ENFRANCHISEMENT PRICE</u>		
(a)	Landlords present interest as para 2 above	£869457
(b)	Share in marriage value	
	Value of freehold in possession	£1790000
	Landlords retained interest	Nil
	Value of combined interest after Enfranchisement	£1790000
	Landlord present interest	£869457
	Tenant present interest	<u>425000</u>
	Total present interests	<u>£1294457</u>
	Marriage Value	£ 495543
	Landlord share 50%	£247772
(c)	Additional compensation to Landlord	Nil
(d)	Enfranchisement price payable	<u>£1,117,229</u>
	say	<u>£1,117,000</u>