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Residential  
Property  
TRIBUNAL SERVICE

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON APPLICATIONS  
UNDER SECTION 48 OF THE LEASEHOLD REFORM HOUSING AND URBAN  
DEVELOPMENT ACT 1993 (as amended)**

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**Reference number:** LON/00BK/OLR/2008/0266

**Property:** Flat 8 New Cavendish Court at 37-41 New Cavendish Street, London N1

**Applicant:** HOWARD DE WALDEN ESTATES LIMITED

**Respondent:** HOWE PETER ULICK CAMPBELL

**Appearances:** For the Applicant:  
Ms K. Holland – Counsel  
Mr K. Ryan FRICS, Carter Jonas  
Mr J. Salter – Solicitor

For the Respondent:  
Mr M. Tims FNAEA  
Mr Campbell – tenant

**Tribunal members:** Mr N.M. GERALD  
Mrs S. REDMOND B Sc (Econ) MRICS

**Application dated:** 22<sup>nd</sup> February 2008

**Directions:** 11<sup>th</sup> March 2008

**Hearing:** 22<sup>nd</sup> and 23<sup>rd</sup> July 2008

**Decision:** 30<sup>th</sup> July 2008

**DECISION**

**INTRODUCTION**

1. On 26<sup>th</sup> September 2007, the tenant-Respondent's predecessor in title served notice claiming an extended lease for flat 8 New Cavendish Court at 37-41 New Cavendish Street, London N1 ("the Property") which was admitted by the landlord-Applicant by counter-notice dated 11<sup>th</sup> December 2007.

2. On 22<sup>nd</sup> February 2008, the Applicant applied to have the premium and other terms of the extended lease determined by the Tribunal.
3. By the time of the hearing of the Application by the Tribunal, the only issue which remains for determination is the value of the extended lease of 90.77 years as at 26<sup>th</sup> September 2007 ("the Valuation Date") and thereby the premium payable, all other matters and issues having been resolved by agreement by the parties.
4. On 11<sup>th</sup> March 2008, The Tribunal gave directions, which included a direction that expert evidence be exchanged by 22<sup>nd</sup> April 2008. Both parties breached that direction and did not serve their respective reports until 21<sup>st</sup> July 2008, the day before the hearing date.

#### **SUMMARY DECISION**

5. The value of the extended lease of the Property is determined at £606,500 which, with freehold uplift, produces a freehold value of £621,660 and a resulting premium payable of £591,422.

#### **THE PROPERTY and THE LEASE**

6. The Property is on the fourth floor of a 1920s block with commercial premises (estate agents and ophthalmologist) on the ground floor and toilets for use of commercial premises in the basement. The entrance to the building is between the two commercial premises at ground floor level. The entrance door gives on to a relatively narrow hallway which leads to the old cage-style lift with staircase wrapping around it.
7. The Property is constructed in the mansard roof and comprises two bedrooms (one with the benefit of a roof light), a living room (benefited by a roof light), kitchen and bathroom with separate WC. As originally constructed, the living room was separated from the hallway by a wall. At the time of the grant of the lease, that wall had been demolished so that the living room so-described was more of an open-plan circulating area. Whilst, unmodernised, particularly the bathroom, toilet and kitchen, overall the Property was in fair decorative order.
8. The Property was somewhat untidy and had the general appearance of being un-lived in, with piles of newspapers and magazines in one of the bedrooms: those factors are irrelevant to valuation and are excluded from the Tribunal's consideration.
9. New Cavendish Court is situated in what is sometimes referred to as Marylebone Village, close to Marylebone High Street with its high-end retail outlets, attractive dining and café facilities and pleasant ambience.

#### **EVIDENCE**

##### **Introduction**

10. The Tribunal heard expert valuation evidence from Mr Ryan for the Applicant and Mr Tims for the Respondent in the form of their written reports and oral evidence given at the hearing.

11. It was common ground between both experts that the key comparable evidence is provided by the private sale of flat 7 New Cavendish Court ("flat 7") in February 2007 for £1.1 million, having been sold one year earlier in February 2006 for £920,000.
12. The Tribunal agrees. The Property (711 square feet) and flat 7 (1,252 square feet) are on the same floor in the same block with broadly similar aspects – flat 7 being a corner flat looking out onto New Cavendish Street and Westmoreland Street whereas the Property looks out on to Westmoreland Street only.
13. Flat 7 was sold only seven months before the Valuation Date. It is modernised and is substantially bigger than the Property, and affords three bedrooms, one with an en suite bathroom, kitchen, separate shower/toilet room and separate dining room and reception room.
14. Both experts adduced further comparable evidence. Mr Ryan went further and used rates per square foot derived from a basket of twelve comparables (including flat 7) to support his conclusions in relation to flat 7.

#### **Valuation issues for determination**

15. The issues for the determination of the Tribunal are as follows:
  - (a) Applicable indices to adjust historic market values to Valuation Date;
  - (b) Whether there are any factors requiring the flat 7 value to be adjusted and if so by how much;
  - (c) Whether the evidence of other comparables is of assistance.

#### **Summary of evidence**

16. Mr Ryan concluded that the Property would have sold for a rate per square foot ("rpsf") equivalent to that achieved for flat 7 in February 2007 of £878 adjusted upwards to £948 at the Valuation Date to reflect property price inflation subject to various self-cancelling adjustments to take account of their different conditions and size which produces a value of £674,028 (711 x £948) rounded to £675,000.
17. Mr Tims concluded that the Property would have sold for a rpsf equivalent to that achieved for flat 7 in February 2007 of £878 adjusted upwards to £968 at the Valuation Date to reflect property price inflation and by a further 2.5% to £992 for the freehold which is then reduced by 15% to £844 psf to reflect the unmodernised state of the Property and a further 5% to £802 to reflect its poor layout, which produces a value of £570,222 (711 x £802) rounded to £570,000.
18. Those, at any rate, were the conclusions of Mr Tims' second report which was served a few hours after Mr Ryan's. Mr Tims' first report, exchanged with Mr Ryan's, reached a somewhat different conclusion: based on the wrong sale price for flat 7 (it used the lower February 2006 price instead of the higher February 2007 price), it concluded that flat 7's rpsf should be reduced by 5% to reflect the poorer layout of the Property and (it seems) by a further 5% to reflect the fact that the Property does not have a separate living room. In conclusion, he valued the extended lease of the Property at £560,624.

19. The corrections in the second report were not solely related to the wrong sale price for flat 7 being used. In contrast to the first report, the conclusions of the second report (a) laid emphasis on the Property being unmodernised which (b) justified a discount of 15% and (c) (it seems) abandoned the 5% deduction for no separate living room but (d) retained the 5% deduction for poor layout. In short, the 10% deduction was doubled to 20% in the second report.
20. At first blush, it might appear that when faced with the higher February 2007 sale price for flat 7 Mr Tims had to come up with additional or different reasons to justify a higher discount to bring his assessment of the market value of the Property down as low as possible. If so, that would severely undermine his credibility and the reliability of his second report, and suggest that he did not understand the nature of his duties to the Tribunal but was more focused on "advising" (to use his word) his client and the Tribunal as distinct from giving his expert valuation opinion evidence.
21. Mr Tims' explanation for that was that the first report was sent out in error whilst he was out of the office and did not reflect the correct sale price of flat 7 (which he was already aware of) and the fact that he had learnt (it is not clear when or from whom) that around £200,000 had been spent on refurbishing flat 7 between February 2006 and February 2007 which lead him to conclude that its rpsf should be substantially discounted because the Property is unmodernised and that his report was produced at relatively short notice and under pressure at a time when he was hoping matters would be settled and was endeavouring to save costs. Even though he had signed the first report, when he got back to the office he says that, before looking at Mr Ryan's report, he immediately realised there had been an error so corrected it and sent out the second report.
22. The Tribunal does not find that Mr Tims deliberately set out to mislead the Tribunal: indeed, such would have been crass because the Applicant was provided with both reports and, after all, Mr Tims already knew the February 2007 sale price of flat 7. The Tribunal found Mr Tims to be a frank, honest and straightforward, if somewhat confused and unfocused, witness who generally displayed a sound experience and understanding of the property market and what affects property values.
23. However, his explanation, which the Tribunal accepts, indicates a certain sloppiness of approach which undermines the evidential value of his evidence and in particular some of the conclusions he draws. As will appear below, the Tribunal has no difficulty in accepting the principle of discounting the flat 7 rpsf to reflect the poorer condition of the Property (with which Mr Ryan agrees and which Mr Tims alludes to elsewhere in both of his reports, specifically, in his description flat 7 as being "modernised") and having a poorer layout (addressed in both his reports), but approaches his evidence of the appropriate amount of the discounts with some caution.

**Issue one: applicable indices to adjust historic market values to Valuation Date**

24. Both experts adjusted the market values achieved for each of their comparables to the Valuation Date by reference to the Savills Prime Central London Residential Capital Value Index using an average of the North Flats index and (in the case of Mr Ryan) the South West Flats index and (in the case of Mr Tims) the West Flats index.

25. The North Flats index covers prime flats in St John's Wood, Regents Park and Hampstead. The South West Flats index covers prime flats in Mayfair, Belgravia, Knightsbridge and Chelsea. The West Flats index covers prime flats in Kensington, Holland Park and Notting Hill.
26. It is the view of the Tribunal that the South West Flats index applied by Mr Ryan is more appropriate than the West Flats index used by Mr Tims because the Property is geographically closer and valuation-wise more similar to the areas covered by that index.
27. Conclusion: the market value of flat 7 at the Valuation Date was £948 psf.

**Issue two: adjustments (if any) to flat 7 rpsf**

28. Introduction. The next question is whether there are any factors which require any adjustment to be made to the rpsf of flat 7 before applying it to the Property and, if so, what they are and by how much the rpsf should be adjusted.
29. Evidence. It was the evidence of Mr Ryan that as at the Valuation Date the condition of flat 7 was better than the Property, so its rpsf should be reduced by 5%, but the Property would command a 5% higher rpsf than flat 7 because it was smaller, and smaller properties generally achieve a higher rpsf than larger properties (he referred to this as the "quantity" adjustment). These two adjustments therefore cancelled each other out.
30. It was the evidence of Mr Tims that as at the Valuation Date the Property was in an unmodernised condition whereas flat 7 was modernised so that the flat 7 rpsf should be reduced by 15% and that the layout of the Property was poorer than flat 7 meriting a further 5% reduction. Mr Tims did not accept Mr Ryan's quantity evidence. Mr Ryan did not accept Mr Tims' layout evidence.
31. In summary: it is common ground that there should be a condition discount but disputed whether it should be 5% (Mr Ryan) or 15% (Mr Tims); it was in issue whether there should be any layout discount or quantity discount.
32. Whilst Mr Ryan had visited flat 7 sometime in February 2006, neither expert had had the benefit of inspecting flat 7 at the times of the Valuation Date or of their respective reports. After closure of oral evidence, the Tribunal (with the experts present) had the benefit of inspecting flat 7 and also the Property. There was no evidence, or suggestion, that there had been any material changes to the condition or layout of the Property or flat 7 since the Valuation Date.
33. Condition and layout. The superior layout of flat 7 as against the Property is suggested by their respective floor plans. That the condition and layout of flat 7 are superior to the Property is self-evident from inspection. Whereas the Property is cramped and pokey, flat 7 is open, spacious and airy and fully modernised. Specifically:
  - (a) the Property's living room was more akin to a circulation area with seating affording no privacy to a two bedroomed flat, whereas flat 7 had a

substantial separate living room with superior aspect being on the corner of the building and therefore benefiting from excellent natural lighting;

- (b) the kitchen, toilet and bathroom of the Property were poorly laid out and unmodernised when compared with the well-appointed and modernised kitchen, en-suite bathroom and separate shower and toilet serving flat 7.
34. The Tribunal therefore rejects the evidence of Mr Ryan so far as layout is concerned. In so doing, it accepts that a larger flat may well (but not necessarily) have a more spacious feel to it simply by dint of its size, but the point is (and the Tribunal finds) that in valuation terms the cramped pokey and poorly laid out accommodation of the Property has a detrimental effect upon its rpsf.
35. As stated, it is common ground that there should be a discount for the condition of the Property. There was some debate about whether the condition of flat 7 had been improved between February 2006, when Mr Ryan had visited it, and when it was sold in February 2007.
36. Although Mr Ryan did not give any details as to the condition of flat 7 in February 2006 (specifically, whether the kitchen and bathrooms were then modernised), he did produce some pictures of the master bedroom, living room and dining room which were consistent with the thrust of the Applicant's case that there had been no material changes to the condition of flat 7 since February 2006.
37. In contrast, Mr Tims referred in cross-examination to there having been £200,000 of improvements carried out to the Property between February 2006 and February 2007. He said he had been told that by various sources, none of whom gave any evidence and his information was somewhat vague. He did not put much credence to the £200,000 because he himself reduced it to £150,000 and was unable to give any particulars of precisely what had been done (not, of course, that dissimilar from Mr Ryan who did not give evidence of the condition of all of the rooms when he inspected flat 7 in February 2006).
38. Whilst it is permissible for hearsay evidence to be given, the Tribunal is unable to accept any evidence from Mr Tims as to the nature or extent or value of any works to flat 7 between February 2006 and February 2007 because such was vague, unparticularised and unsupported by any witness statements.
39. It is, however, clear from the Tribunal's site inspection that some works had been done in that period – for example, the roof light shown in the February 2006 photograph of the master bedroom had been concealed and the fire surround and mantelpiece shown in the February 2006 photograph of flat 7 had been replaced – but their nature and scope are unclear and were probably only decorative, which is not material for valuation purposes.
40. The Tribunal proceeds on the basis urged by the Applicant that there were no material alterations to the condition of flat 7 after February 2006 so that the condition as-inspected represents that which pertained in February 2007 and therefore at the Valuation Date.

41. In this case, the Tribunal finds that it is difficult to draw any sensible distinction between how much should be discounted for (a) layout and (b) condition because, where premises are unmodernised, both are part and parcel of the same thing and are inextricably linked. Mr Ryan accepts a 5% condition discount but gives no figure for layout. Mr Tims on the other hand states a 20% discount for layout (5%) and condition (15%): the Tribunal approaches the evidence with some caution for the reasons set out above.
42. Given the Tribunal's decision about layout, it follows that the discount for condition and layout must be more than the 5% condition discount assessed by Mr Ryan. Even if the Tribunal had found no layout discount appropriate, it would have rejected Mr Ryan's 5% assessment of the condition discount as being unduly low.
43. The Tribunal determines that the appropriate discount to be applied to the rpsf of flat 7 in respect of both condition and layout is 10%. That reflects a proper balance which a reasonable purchaser and seller when considering the relative layouts and conditions of flat 7 and the Property would apply. It excludes the fact that the Property was generally untidy whereas flat 7 was tidy, clean and well presented. It takes into account the fact that flat 7 would naturally be more commodious than the Property but nonetheless the layout of the Property is inferior.
44. The Tribunal is of the view that there is considerable force in the argument that a larger discount, perhaps up 15%, should be applied. However, the Tribunal would not be confident in reaching such a conclusion on the balance of probabilities given the then febrile state of the market (when sellers would be expected to have a stronger bargaining position) and its concerns about the evidence of Mr Tims expressed above.
45. Quantity. Mr Ryan gave evidence that the smaller the flat the higher its rpsf, which was not accepted by Mr Tims. If there is any such established pattern in the market generally or in the Marylebone Village area in particular, the Tribunal would expect to see some sort of evidence or comparables to support it. When pressed, Mr Ryan was forced to concede that this was a mere assertion based solely upon his experience, unsupported by any evidence or calculations or other reasoning. The Tribunal therefore rejects this aspect of Mr Ryan's evidence. The Tribunal makes further findings in respect of Mr Ryan's quantity adjustments in paragraphs 61 and 62 below.
46. Conclusions: the flat 7 £948 psf should be discounted by 10% when applied to the Property which produces an extended lease valuation of £606,625.20 (711 x £853.20) say £606,500 at the Valuation Date.

**Issue three: relevance of evidence of other comparables**

47. The question here is whether the further comparable evidence adduced by the Applicant and Respondent gives weight to either side's evidence or provides any further assistance to the Tribunal.
48. The Tribunal inspected each of the comparables of both experts from the outside except for 43 Wimpole Street and Goodwood Court where it inspected the common parts and also except for Mr Ryan's comparable at Rossetti House

and Mr Tims' comparables at 7 Copperfield House and 12 Montagu Row which it did not inspect because, in the Tribunal's view, they were too far away to be of any assistance.

*Mr Ryan's comparables*

49. *Dudley House*: In evidence-in-chief, Mr Ryan placed specific reliance upon 3 Dudley House which is next-door-but-one to New Cavendish Court up Westmoreland Street and was sold for £675,000 in October 2007. He uplifted its adjusted Valuation Date rpsf of £1,278 by a further 4% to £1,330 on account of its floor level and by a further 1% to reflect its size producing a rpsf of £1,343.

50. The Tribunal finds that Dudley House offered no material assistance in shedding light upon the market value of the Property at Valuation Date and, further, the way in which Mr Ryan adjusted its adjusted sale price further undermined its usefulness.

- (a) In cross-examination, Mr Ryan accepted that the sale price was an aberration and difficult to support and more reflective of it having been sold when the Marylebone Village property market was at its "hottest" in October 2007. It represented the very highest price achievable.
- (b) It was difficult to compare with the Property as Dudley House was sold with a short lease of only 54¼ years unexpired. Mr Ryan therefore discounted its sale price by 5% to £641,250 to reflect his view of the premium paid for a sale with the benefit of statutory enfranchisement rights albeit not yet exercised. A substantial adjustment to 90.77 lease length was then needed.
- (c) The flat is at raised ground floor level, when compared to the Property which is on the fourth floor, which caused Mr Ryan to uplift its value by 4% to reflect his view that higher level properties command higher prices. The Tribunal rejects this approach for the reasons give below.
- (d) The Tribunal did not agree with Mr Ryan that Dudley House was disadvantaged being 'opposite' the pub (which in fact was some distance away and not directly opposite) and that not being over commercial premises was of no significance to value. The flat is in a wholly residential block whose front door is somewhat grander than that of New Cavendish Court and is not wedged between commercial premises at ground floor level, which the Tribunal finds to be more amenable than the Property. It is also slightly further up Westmoreland Street, slightly further away from the busier New Cavendish Street.
- (e) Its internal layout appears considerably superior to the Property. Although compact, the floor plan indicates that it is well laid out: the two bedroomed flat has higher ceilings (no mansards) and larger windows with a separate reception room; the Property is in the mansard roof and has one bedroom with partially restricted head-height in the gable area.
- (f) Its internal condition was not known as no-one had inspected it. Given its high price, it is reasonable to infer that it was in excellent fully modernised condition in October 2007, so should be substantially discounted, yet Mr Ryan makes no condition adjustment.



51. *Basket of comparables*: Mr Ryan prepared a basket of twelve comparables which produced an average £967 rpsf after various adjustments which he presented as a Schedule of Adjusted Comparables. Using that basket, he concluded that his valuation of the Property at £948 rpsf was in sync with the average rpsf for properties in the Marylebone Village area. In other words, he produces a sort of "local index".
52. Although it is useful here to look at a 'background' group of sales of property in the area the Tribunal rejects the rpsf produced by Mr Ryan's basket of comparables as being unhelpful and unreliable and the methodology behind it as being flawed. The reasons are as follows.
53. Firstly, the basket includes properties whose sales prices are heavily adjusted by Mr Ryan because they were sold on short leases. Apart from Dudley House, there is Flat D Regis House whose £650,000 sale price was reduced by 10% to £585,000 to reflect Mr Ryan's view (his "personal tariff") of the premium payable for being sold on a 59 year lease with the benefit of statutory rights which had already been exercised at the time of sale. If these two properties are excluded from the basket, the Valuation Date adjusted rpsf falls from £933 to £901.
54. Secondly, the basket is too widely drawn. It includes properties which are well outside of the Marylebone Village area (two flats at Rossetti House) and others which are probable too far away (Goodwood Court and 123-5 Harley Street). At the same time, it includes two flats at 43 Wimpole Street, but ignores another flat in the same building (flat 2, relied on by Mr Tims) which had a much lower rpsf. The basket included 1 New Cavendish Court whose sale both experts was agreed too distant in time to be of assistance.
55. Thirdly, it was Mr Ryan's evidence that the higher the property the higher the price. He applied an across-the-board automatic adjustment of 1% per floor. That, for example, uplifted Dudley House's rpsf by 4%. Mr Ryan ultimately conceded that he had no evidence at all to support this assertion. It was merely based upon his experience: people prefer the greater privacy afforded by being on the top floor in favour of the greater convenience of being on the ground or first floors.
56. That may or may not be so when considering the merits and demerits of particular properties, but of itself can not support a general presumption that properties increase by 1% in value at each higher level. The Tribunal prefers the approach of Mr Tims that properties must be considered on a case-by-case basis otherwise valuation is divorced from reality. This is particularly so in an area such as Marylebone Village which consist of blocks of up to four or five storeys above ground level when compared, say, with a tower block where the upper floors may have commanding unrestricted views and attendant privacy.
57. The Tribunal was referred to 43 Wimpole Street, a fine Georgian property consisting of two former substantial town houses which have been converted into flats with a modern rear extension. The ground and first floors in the original part of the building are somewhat grand with high ceilings and large windows, and the upper floors have lower ceilings and smaller windows. Albeit served by a modern lift, the ground and first floor flats would no doubt

command a considerable rpsf premium than the upper floors. Similar points can be made in respect of some of the other comparables, even those which are of more recent construction.

58. Fourthly, Mr Ryan then made three further adjustments by reference to each comparable's condition, location and quantity as appropriate. The percentage attributable to each of these factors was applied to the rpsf adjusted for floor level, thereby creating a cumulative effective. Each of these further adjustments, Mr Ryan ultimately accepted, was wholly subjective and reliant upon his experience without any supporting evidence or analysis.
59. Condition: discounts or uplifts of 5%, 10% or 15% were applied to adjust the comparable to the condition of the Property at the Valuation Date. However, these adjustments were guesstimates based principally upon Mr Ryan's recollection of their condition based upon (it was not clear) his visits to the various comparables of up to three to four years prior to their respective sale dates and also to sales particulars, even though he had not visited the two 43 Wimpole Street flats and could not remember whether he had visited the Dudley House comparable. He had no notes or other evidence as to the condition of the comparables, so his assessment could not be considered or assessed in cross-examination or by the Tribunal.
60. Location: five of Mr Ryan's comparables had adjustments of -2.5%, -5% and +10% to reflect his opinion that they were in better or worse locations relative to the Property. Where properties are so far away from the Property itself, it is doubtful whether they should be in this type of basket at all.
61. Quantity: after questioning from the Tribunal, Mr Ryan explained that it was his view that the smaller the flat the higher the rpsf but he had no evidence at all to support that. The Tribunal can imagine that there might be evidence to support such an assertion at extremes of the property market, such as a small studio as against a large mansion flat, but it is doubtful whether this applies to any significant degree to properties within the same broad band or category, such as two bedroom flats.
62. Fundamentally, no market evidence was provided to support this assertion. Mr Ryan did reveal his calculations, which were fairly rudimentary and simply calculated the relative size of the comparable to the Property and then made "guesstimate" (his word) adjustments. It was of concern that the conclusions in the Schedule of Adjusted Comparables did not accurately reflect Mr Ryan's own workings because his handwritten adjustments were not accurately transposed from his workings to the Schedule<sup>1</sup>. This further undermined the credibility of his Schedule.
63. The distorting effects of this methodology are shown by, for example, 2 Kingsley Lodge. Its Valuation Date adjusted rpsf is £816. It is then uplifted by 3% to £840 to reflect the Property being three floors higher and then by a further net 12% to £941 to reflect Mr Ryan's assessment of its superior condition (+15%) but smaller size (-3%). Had Mr Ryan transposed the -3% quantity adjustment

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<sup>1</sup> 2 Kingsley should have been adjusted by +3% but was adjusted by -3%; 3 Dudley House by -1% not +1%; 46 Goodwood Court by -1.5% not +1.5%.

recorded in his handwritten workings, it would have been uplifted by a further 18% not 15%, which would have increased the rspf to £991.

*Mr Tims' comparables*

64. In addition to flats 1 and 7 New Cavendish Court, 7 Copperfield House and 12 Montagu Row which have been dealt with above, Mr Tims also referred to flat 2 at 43 Wimpole Street and flat 2 at Gordon House. The first was not included in Mr Ryan's report (although two others falling within the same block were); the second was. The Tribunal gained no further assistance from either of those properties.

**Conclusions**

65. The Tribunal determines the market value of the extended lease as at the Valuation Date at £606,625.20 ( $711 \times £853.20$ ) which it rounds to £606,500 which, with the agreed uplift to freehold value of 2.5% is £621,662, rounded to £621,660 The Premium payable for the extended lease is £591,422 and the Tribunal's calculation is attached at Appendix.

A large, stylized handwritten signature, possibly 'W. Tims', is written in black ink. To its right, there are smaller handwritten initials '3Dx4' with a horizontal line underneath.

## VALUATION OF LEASE EXTENSION

Leasehold Reform, Housing & Urban Development Act 1993 and Commonhold Act 2002

Flat 8 New Cavendish Court, 37-41 New Cavendish Street LONDON W1

Agreed:

Valuation date - 26th September 2007

Unexpired term - 0.77 years

Ground rent yield - 5%

Deferment rate - 5%

Value of the flat unimproved with existing lease without 'Act rights' - £17,500

Uplift for freehold value following lease extension to 90.77 years 2.5 %

GIA - 711 sq. ft

Determined:

Extended lease value of 90.77 years £606,500 (£853 pfs)

Freehold value with 2.5% uplift £621,660

£ £ £

### Freehold Present Interest:

Annual rent payable

75

Years Purchase 0.77 years @ 5%

0.7368

55

Reversion to:

Unencumbered unimproved freehold value

621,660

Deferred 0.77 years @ 5%

0.96320

598,783

598,838

### Less Value of Freeholder's proposed interest

Value of Freehold

621,660

Deferred 90.77 years @ 5%

0.01193

7,416

Total value of freeholders present interest

591,422

### Marriage Value:

Value of proposed interests:

Freeholder's

7,416

Tenant's

606,500

613,916

Less value of current interests:

Freeholder's

598,838

Tenant's

17,500

616,338

Marriage Value

(2,422)

Freeholder's share of marriage value @ 50%

Nil

**Total Premium payable**

**£591,422**