



**FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : **CHI/19UC/OCE/2014/0018**

Property : **1 to 8 Apex Court, 82 The Avenue,
Christchurch, Dorset, BH23 2BZ**

Applicant : **Apex Court Freehold Limited**

Representative : **Mr G Cowen, Counsel**

Respondent : **Long Term Reversions Limited**

Representative : **Mr J Clargo, Counsel**

Type of Application : **Collective enfranchisement : section
13 and schedule 6 of the Leasehold
Reform, Housing and Urban
Development Act 1993 (“the 1993
Act”)**

Tribunal Members : **Judge P R Boardman (Chairman),
and Mr A J Mellery-Pratt FRICS**

**Date and venue of
Hearing** : **16 January 2015 at Court 8,
Bournemouth County Court,
Deansleigh Road, Bournemouth, BH7
7DS**

Date of Decision : **31 January 2015**

DECISION

Introduction

1. This is an application for collective enfranchisement
2. The documents before the Tribunal are in a bundle comprising pages 1 to 309. References in this decision to page numbers are to page numbers in the bundle, unless otherwise indicated
3. Also before the Tribunal are skeleton arguments by Mr Cowen dated 12 January 2015 and Mr Clargo dated 12 March 2014, and a bundle of authorities submitted by Mr Clargo

Inspection

4. The Tribunal inspected the property on the morning of the hearing. Also present were Mr Cowen, Mr P G Bennett LLB of Insley & Partners, Mr C P Wetherall BSc FRICS of House & Son, Mr Clargo, and Mr T Harrison-Moore AIRPM, Senior Asset Manager, Pier Management Ltd
5. The property comprised 8 flats in a two-storey block, with a driveway and parking spaces. There was an electricity substation
6. The Tribunal also inspected Flat 3 on the ground floor and Flat 5 on the first floor
7. The Tribunal found the property to accord with the helpful descriptions in the valuation report of Mr Wetherall dated 30 December 2014 on behalf of the Applicant (starting at page 222) and the witness statement of Mr Harrison-Moore dated 24 December 2014 on behalf of the Respondent (starting at page 284), and with the lease plans of the ground floor (for example at page 129), the first floor (for example at page 138), and the site (for example at page 130)

The issues before the Tribunal

8. The parties confirmed at the hearing before the Tribunal that the following matters were agreed :
 - a. the valuation date was 14 November 2013
 - b. each lease term had 82.4 years remaining at that date
 - c. no marriage value was therefore payable
 - d. the freehold value of each flat was £156500
 - e. the freehold value of the block of 8 flats was therefore £1252000
 - f. the transfer to the Applicant would include the block of 8 flats, the driveway and the parking spaces
 - g. the enfranchisement price of the driveway and parking spaces would be £650
 - h. the transfer to the Applicant would not include the electricity substation, in respect of which rights would be reserved to the Respondent over the land to be transferred to the Applicant

9. The parties also confirmed that the only issues before the Tribunal were therefore :
 - a. the capitalisation rate of the ground rent payable under the leases of the 8 flats
 - b. the deferment rate of the freehold reversionary value of the block of 8 flats

Schedule 6 of the 1993 Act

10. Paragraph 2 of schedule 6 of the 1993 Act provides that the price payable by the Applicant shall be the aggregate of :
 - a. the value of the Respondent's interest in the Property as determined in accordance with paragraph 3 of schedule 6
 - b. the Respondent's share of the marriage value as determined in accordance with paragraph 4 of schedule 6
 - c. any compensation payable to the Respondent under paragraph 5 of schedule 6
11. Paragraph 3 of Schedule 6 of the 1993 Act provides that, subject to the assumptions and other provisions set out, the value of the Respondent's interest in the Property shall be the amount which that interest might be expected to realise if sold on the open market by a willing seller with the Applicant not seeking to buy and on the assumption that the 1993 Act conferred no right of acquisition

Mr Wetherall's valuation report (pages 222 to 283)

12. Mr Wetherall stated that in order to arrive at the value of the property he had considered the sale of four similar freehold ground rent investments in the Poole and Bournemouth conurbation which had been purchased by experienced property investors in 2010 and 2013. During that period interest rates had remained at the same historically low level, and the property market in the Bournemouth area had shown only very minor fluctuations either way, from month to month
13. The buyer would have had a target "all risks yield", which was a percentage taking into account not only the passing income, but also the reversion, and represented the true return to the investor from the investment he had purchased
14. In order to arrive at a figure which an investor would pay for Apex Court, Mr Wetherall had carried out an "equated yield" analysis of each of the four investments, by setting up a spreadsheet for each investment. The capitalisation rate applied to the income and the discount rate applied to the reversion were numerically the same, because the years multiplier when capitalising income was made up of the aggregate of the present value of each annual tranche of income, and, although in the case of the reversion there was only one tranche of "income" at the end of the lease, the financial result was the same. He

had then adjusted the “all risks” yield in the spreadsheet until the valuation equalled the price paid so that the all risks yield became the equated yield, representing the true yield of the investment to the purchaser

15. Details of the properties and of the results of the analysis were at pages 244 to 273. A summary of the results of the analysis was at page 236
16. The average equated yield was 6.5%
17. It was a fair assumption that if those property investors had purchased Apex Court, they would have paid a price equivalent to an equated yield of about 6.5%
18. In any event, even if a valuation approach were adopted in accordance with the guidelines in **Sportelli** [2007] EWCA Civ 1042, the **Sportelli** deferment rate of 5% for properties in London was inappropriate for a Bournemouth property, because the Land Registry index movement between 1995 and the present day, shown in the graph at pages 277 to 283, showed that the growth in property prices in London had far outstripped the growth of property prices in Bournemouth. If, for example, a deferment rate of 5% were applied to the reversion of 22 Crabton Close Road then the valuation would rise to £60600, which would be inconsistent with the price paid (which represented open market value)
19. In his view, the enfranchisement price payable on the valuation date was therefore in the region of £38579, in accordance with the valuation copied at Appendix A to this decision

Mr Harrison-Moore’s witness statement (pages 284 to 309)

20. Mr Harrison-Moore set out his views about the capitalisation rate of the ground rent, and the deferment rate of the reversionary value. He referred to decided authorities, including **Nicolson v Goff** [2007] 1EGLR 83 (in relation to factors influencing the capitalisation rate of the ground rent), and **Sportelli, Zuckerman** [2009] UKUT 235, **Sinclair Gardens Investments (Kensington) Limited** [2014] UKUT 0079, **Hildron Finance Limited v Greenhill Hampstead Limited** [2007] LRA/120/2006, **Daejan Investments Limited v Benson** [2013] 1 WLR 854, and **Voyvoda** [2013] UKUT 0334 (LC) (in relation to the deferment rate of the reversionary value)
21. In his view, the enfranchisement price payable on the valuation date was £57478, in accordance with the valuation copied at Appendix B to this decision

The hearing

Preliminary matter

22. The Tribunal referred to the Tribunal's letter to the parties by e-mail on 9 January 2015 notifying the fact that Mr Mellery-Pratt's brother had instructed Mr Bennett to act for a company jointly owned by Mr Mellery-Pratt and his brother to prepare a new lease for a factory owned by the company
23. Mr Cowen and Mr Clargo confirmed that neither party had any objection to Mr Mellery-Pratt hearing this application

Mr Wetherall's oral evidence

24. In examination-in-chief Mr Wetherall confirmed the contents of his report, although he confirmed that the purchase price of one of his comparables had been £27000, and not £44000 as mistakenly stated at page 254. He said that in his "equated yield" analyses he had in each case treated the deferred income from the ground rent in the same way as the deferred value of the reversion, and had applied the same discount rate to each. In **Sportelli**, the ground rent capitalisation rate had been agreed by the parties, so that the only issue for decision had been the reversionary value deferment rate. Mr Wetherall's method of deriving the true return on the prices paid by actual investors for similar properties in the same period as the relevant date complied with the requirements of schedule 6 to the 1993 Act. The sales had been by auction, and the buyers had been seasoned investors, and the underbidders had decided that the prices paid were too expensive. If the **Sportelli** deferment rate of 5% were applied to his equated yield analysis in each case, the deferred reversionary value component of each actual purchase price would be increased by a large sum, and, in order to maintain the same overall purchase price, the ground rent capitalisation component of each actual purchase price would have to decrease by the same amount, which would in turn mean that the capitalisation rate in each case would have to increase to an unrealistically high percentage. The fact that the **Sportelli** deferment rate of 5% for prime central London was not applicable to the Bournemouth/Christchurch area was illustrated by the Land Registry graph at pages 277 to 283 of house price indices from January 1995 to October 2014, which showed a large disparity now between house prices in London and house prices in Bournemouth. In fact the same indices for prime central London, namely Kensington, Westminster, Chelsea and Islington showed an even greater disparity. This showed by way of "comfort" that Mr Wetherall's approach, rather than the **Sportelli** approach, was correct
25. In cross-examination, Mr Wetherall confirmed that in his view for this type of investment the reversionary value deferment rate should always be the same as the ground rent capitalisation rate. Mr Wetherall did not agree that a comparison of his valuations with (page 274a) and without (page 275) the driveway and parking spaces showed a flaw in his methodology, in that the difference between the two valuations was over £5000, whereas in the Appellant's initial notice only £650 had been offered as the price for the driveway and parking spaces, and that

sum had now been agreed by the Respondent. He had not made adjustments to the figures in his analyses to take account of the assumption in the 1993 Act that there was no right to enfranchise under the 1993 Act because those assumptions would make no material difference to the valuation. The prices paid were evidence of open market value. **Sportelli** did not assist. It dealt with shorter leases in an area of much higher growth. His analyses had been on a conservative basis, and had not taken account of any staged increases in ground rents, arrears of service charges, seller's costs, or search fees payable by the buyers at auction. In any event, those factors would have made no material difference to his equated yield analysis rates

26. In answer to questions from the Tribunal about whether, if, contrary to Mr Wetherall's view, the **Sportelli** approach were to be preferred, an extra 0.5% would be appropriate to add to the **Sportelli** 5% deferment rate starting point to take account of the graph at pages 277 to 283, Mr Wetherall said that the **Sportelli** approach was not appropriate in this case. He repeated his view that even if the deferment rate were increased to 5.5%, the deferred reversionary value component of each actual purchase price would be increased by such a large sum, that, in order to maintain the same overall purchase price, the ground rent capitalisation component of each actual purchase price would also have to decrease by the same amount, which would in turn mean that the capitalisation rate in each case would have to increase to an unrealistically high percentage. He said that he would not disagree with 5.5% as a deferment rate as such, but if the capitalisation rate were adjusted as well, the enfranchisement price would increase to far more than Apex Court would sell for in the open market
27. There was no re-examination

Mr Harrison-Moore's oral evidence

28. Mr Harrison-Moore confirmed the contents of his witness statement. Pier Management Limited and the Respondent were both subsidiaries of Regis Group plc. His witness statement had been intended to assist the Tribunal, and, as such, he understood that he owed the Tribunal a greater duty than his employer. He had been involved with property valuations for four years, always with the same employer. He had investigated the auction sales used in Mr Wetherall's equated yield analysis. Ground rents on two of the properties were subject to staged increases. Three of the properties were administrator's sales. The auctioneers charged buyer's fees of £750 plus search fees of £250. On two of the properties there were substantial arrears of service charge which the buyers were required to pay, even though the buyers had few details from the administrators to enable the buyers to recover the arrears from the leaseholders. The buyer's bid level would have decreased accordingly
29. In cross-examination Mr Harrison-Moore was asked detailed questions about his relationship with his employers and the Respondent, about

his experience in property valuations, about the fact that he had no valuation qualifications and was not a member of the RICS, and about his understanding about his duty to the Tribunal rather than his duty to maximise the valuation for his employer. In relation to the ground rent capitalisation rate he had arrived at his figure of 6% after considering the factors set out in **Nicolson v Goff** and the tribunal decisions referred to in his statement at pages 286 and 287. However, he accepted that those decisions were based on the market evidence produced in those cases, whereas he had no produced no market evidence in relation to Apex Court. He also accepted that those decisions were not evidence as such of the appropriate capitalisation rate for Apex Court. However, they did show that capitalisation rates were affected by the degree of dynamism in the rent reviews, and in Apex Court the rents increased every 25 years. He accepted that his quotation at page 288 from paragraph 66 of **Sinclair Gardens Investments (Kensington) Limited** was in fact a quotation from counsel's submissions, and that the Upper Tribunal decision disagreed with those submissions. He did not agree that the graph at pages 277 to 283 should be given any weight. It showed an alignment of rates up to 2006, and only 20 years' data altogether, rather than the 50 years in **Hildron Finance Limited v Greenhill Hampstead Limited**, and the 29 years in **The Holt** (2008) LRA/133/2006 referred to in paragraph 31 of **Sinclair Gardens Investments (Kensington) Limited**. The guideline 5% deferment rate in **Sportelli** was the starting point. Mr Wetherall's analyses did not take account of important matters affecting the price, such as fees and ground rent increases, and were not reliable

30. In answer to questions from the Tribunal about whether an extra 0.5% would be appropriate to add to the **Sportelli** 5% deferment rate starting point to take account of the graph at pages 277 to 283, Mr Harrison-Moore said that the graph showed only 10 years of disparity in growth between London and Bournemouth, which was insufficient to have any weight attached to it
31. There was no re-examination

Submissions

32. Mr Clargo submitted that Mr Harrison-Moore's approach should be preferred. The deferment rate should be 5% in accordance with the **Sportelli** starting point. There was insufficient evidence to add 0.5% for different growth rates. Mr Harrison-Moore's approach to the capitalisation rate should also be preferred. There was no evidence to support Wetherall's opinion that the capitalisation rate should be the same as the deferment rate. In **Sportelli**, the parties had agreed the capitalisation rate but not the deferment rate, and if the deferment rate were always to be the same, there would have been no need for the detailed evidence in that respect in the case itself. The appropriate rate was 6%

33. Mr Cowen submitted that there was a stark difference in methodology between Mr Wetherall's approach and Mr Harrison-Moore's approach. However, Mr Harrison-Moore had no valuation qualifications, was not a member of the RICS, and had submitted a witness statement which did not comply with rule 19 of the Tribunal's procedural rules. Mr Wetherall, on the other hand, was a qualified valuer whose report had complied with rule 19. The effect of the assumptions in schedule 6 of the 1993 Act was referred to in paragraph 78 of Sportelli where there was a reference to a block with "no-Act rights" being worth less. Mr Wetherall's analyses had been conservative. Paragraphs 74 and 75 of **Sinclair Gardens Investments (Kensington) Limited** made it clear that whilst the **Sportelli** deferment rate of 5% might be the starting point, it was subject to evidence of the position outside prime central London. Mr Harrison-Moore's criticism of the details of the comparable sales used in Mr Wetherall's analyses had not previously been disclosed, and no weight should be attached to his criticism. It was not appropriate to speculate on the effect of the adjustments contended for by Mr Harrison-Moore without uncorroborated evidence. The graph could be relied on. It showed data for 20 years, even though the disparity in prices was only in the last 10 years. Mr Wetherall's approach to the capitalisation rate was also to be preferred, rather than Mr Harrison-Moore's approach of selecting four tribunal decisions, which in any event showed capitalisation rates varying from 6% to 6.5%
34. Mr Cowen asked whether the Respondent accepted that the difference between what Mr Wetherall had included in his analyses for ground rent and the ground rent subject to the increases contended for by Mr Harrison-Moore had no valuation consequence in this case, and was relevant only to the question of whether Mr Wetherall was a reliable witness. After taking instructions, Mr Clargo said that the Respondent did accept that proposition

The Tribunal's decision

Capitalisation rate

35. The Tribunal is not persuaded by Mr Wetherall's suggestion that the ground rent capitalisation rate should necessarily be the same as the reversionary value deferment rate. Mr Wetherall's submission in that respect appears to be based on his suggestion that the reversionary value is a tranche of "income" at the end of the lease, and that conceptually it is therefore the same as the ground rent income throughout the lease. However, the Tribunal finds that the reversionary value is the value of the right to vacant possession at the end of the term of the lease, and indeed is just that, namely a "value", and does not in any sense become "income" unless and until the reversion is sold. There is therefore no reason in principle why the capitalisation rate of the ground rent income actually to be received throughout the term of the lease should necessarily be the same as the deferment rate of the reversionary value, although the Tribunal accepts that in some

cases the two rates may coincidentally be the same, or, as in **Zuckerman**, may be agreed by the parties to be the same. However, the Tribunal accepts Mr Clargo's submission that in **Sportelli** the parties had agreed the ground rent capitalisation rate, and the issue was the reversionary value deferment rate, whereas there would have been no such issue if the two rates had necessarily been the same

36. The Tribunal is also not persuaded by Mr Harrison-Moore's approach of seeking to derive a capitalisation rate from four selected tribunal decisions, particularly as the rates arrived at in those decisions varied from 6% to 6.5%
37. The Tribunal finds that the proper approach is to consider all the evidence before it in this case in the light of the guidelines in **Nicolson v Goff** and, having done so in the light of the Tribunal's own collective knowledge and expertise in this respect, the Tribunal finds that the appropriate ground rent capitalisation rate in this case is 6.25%

Deferment rate

38. Although the Tribunal has taken account of Mr Wetherall's "equated-yield" approach, the Tribunal finds, in accordance with the guidelines in **Sportelli**, as explained in **Sinclair Gardens Investments (Kensington) Limited**, that the proper approach in this case is to adopt a rate of 5% as a starting point for the reversionary value deferment rate, and then to consider whether any adjustments are appropriate to take account of the evidence in this case
39. Contrary to Mr Harrison-Moore's submissions, the Tribunal accepts the graph produced by Mr Wetherall at pages 277 to 283 as showing a sufficient period of data, namely nearly 20 years, to take into account when considering whether any such adjustments are appropriate, and, in making that finding, the Tribunal has taken account of the decisions in **Hildron Finance Limited v Greenhill Hampstead Limited** and **The Holt**
40. The Tribunal is satisfied, in all the circumstances, that it is appropriate to increase the risk premium in this case by a further 0.5% to reflect what the Tribunal finds to be the significantly slower long-term growth in values of properties in the Bournemouth/Christchurch area generally than in the London area
41. The Tribunal therefore finds that the appropriate reversionary value deferment rate in this case is 5.5%
42. Whilst the Tribunal finds that Mr Wetherall's "equated-yield" approach is not the starting point for determining the ground rent capitalisation rate or the reversionary value deferment rate, the Tribunal accepts that on the facts of a particular case it might be a helpful check on the enfranchisement price payable in that case. However, the Tribunal also finds that, in applying that check by reference to the four sales referred

to by Mr Wetherall, it would first be appropriate to apply adjustments to the purchase prices achieved in each of the four sales to take account of the following factors :

- a. the fact, as the Tribunal finds, that the four sales referred to by Mr Wetherall were sales in the open market with the 1993 Act applying, rather than sales in a hypothetical “no-Act world” in accordance with the assumptions in schedule 6 of the 1993 Act; in that respect, the Tribunal has taken into account Mr Cowen’s submission that the effect of the assumptions in schedule 6 of the 1993 Act was referred to in paragraph 78 of Sportelli where there was a reference to a block with “no-Act rights” being worth less; however, the Tribunal finds that it is more likely than not that the buyers in the four sales referred to by Mr Wetherall would have offered less for the properties in the open market, because they would have taken into account that the leaseholders would then have had the right to enfranchise at a time to suit them, and that that time might not have suited the buyers
 - b. the possibility, as the Tribunal finds, that the successful purchasers had reduced their bids to take account of costs, search fees and outstanding service charge arrears, particularly if, as Mr Harrison-Moore contended, any of the sales were by administrators, who would not necessarily have had sufficient historical information or records to enable full recovery of outstanding service charges to be made
43. Having considered all the circumstances, the Tribunal finds that there are too many variables in the adjustments which would have to be made to enable Mr Wetherall’s “equated-yield” approach to be used as a check on the enfranchisement price on the facts of this case

Compensation

44. Neither party has suggested that any compensation is payable to the Respondent in this case under paragraph 5 of schedule 6 of the 1993 Act

Enfranchisement price

45. The Tribunal accordingly finds that the enfranchisement price in this case is £48424.95, in accordance with the Tribunal’s valuation at Appendix C to this decision

Form of transfer

46. The Tribunal now adjourns this application until 1 March 2015, on which date the Tribunal’s file will be closed unless the Applicant has in the meantime notified the Tribunal that the parties have been unable to agree the form of transfer of the property to the Applicant, in which case the Tribunal will then issue further directions

Appeals

47. A person wishing to appeal against this decision must seek permission to do so by making written application to the First-tier Tribunal at the Regional office which has been dealing with the case
48. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision
49. If the person wishing to appeal does not comply with the 28-day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then decide whether to extend time or not to admit the application for permission to appeal
50. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result which the person is seeking

Dated 31 January 2015

.....
Judge P R Boardman
(Chairman)



**FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : **CHI/19UC/OCE/2014/0018**

Property : **1 to 8 Apex Court, 82 The Avenue,
Christchurch, Dorset, BH23 2BZ**

Applicant : **Apex Court Freehold Limited**

Representative : **Mr G Cowen, Counsel**

Respondent : **Long Term Reversions Limited**

Representative : **Mr J Clargo, Counsel**

Type of Application : **Collective enfranchisement : section
13 and schedule 6 of the Leasehold
Reform, Housing and Urban
Development Act 1993 (“the 1993
Act”)**

Tribunal Members : **Judge P R Boardman (Chairman),
and Mr A J Mellery-Pratt FRICS**

**Date and venue of
Hearing** : **16 January 2015 at Court 8,
Bournemouth County Court,
Deansleigh Road, Bournemouth, BH7
7DS**

Date of Decision : **31 January 2015**

APPENDIX A

**APEX COURT [ENTIRE SITE]
82 AVENUE ROAD, CHRISTCHURCH**

A Freehold [Schedule 6, 2 (1) (a)]		
Ground Rent	1,200	
8.4 Years Purchase @ 6.5%	6.347	

	7,616	7,616
1 st Reversionary Rent	2,400	
25 Years Purchase @ 6.5%	12.197	
Present Value £1 8.4 years @ 6.5%	0.58745	

	17,195	17,195
2 nd Reversionary Rent	3,600	
25 Years Purchase @ 6.5%	12.197	
Present Value £1 33.4 years @ 6.5%	0.12173	

	5,345	5,345
3 rd Reversionary Rent	4,800	
24 Years Purchase @ 6.5%	11.989	
Present Value £1 58.4 years @ 6.5%	0.02523	

	1,452	1,452
Reversion to vacant possession (Specified Premises and Appurtenant Property)	1,252,000	
Present Value £1 82.4 years @ 6.5%	0.00557	

	6,970	6,970

		£38,579
B Head Lease [Schedule 6, 2 (1) (d)]		
Nil	Nil	Nil
C Marriage Value [Schedule 6, 2 (1) (b)]		
Nil	Nil	Nil
D Compensation [Schedule 6, 2 (1) (c)]		
Nil	Nil	Nil
Total		£38,579



**FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : **CHI/19UC/OCE/2014/0018**

Property : **1 to 8 Apex Court, 82 The Avenue,
Christchurch, Dorset, BH23 2BZ**

Applicant : **Apex Court Freehold Limited**

Representative : **Mr G Cowen, Counsel**

Respondent : **Long Term Reversions Limited**

Representative : **Mr J Clargo, Counsel**

Type of Application : **Collective enfranchisement : section
13 and schedule 6 of the Leasehold
Reform, Housing and Urban
Development Act 1993 (“the 1993
Act”)**

Tribunal Members : **Judge P R Boardman (Chairman),
and Mr A J Mellery-Pratt FRICS**

**Date and venue of
Hearing** : **16 January 2015 at Court 8,
Bournemouth County Court,
Deansleigh Road, Bournemouth, BH7
7DS**

Date of Decision : **31 January 2015**

APPENDIX B

APEX

Valuation for Assessment of Premium

Preliminary Valuation workings - DOV

14/11/2013

Leases	99	years from	01/05/1997		
Annual Rent	£1,200.00	from	14/11/2013	until	01/05/2022
	£2,400.00	from	02/05/2022	until	02/05/2047
	£3,600.00	from	03/05/2047	until	02/05/2072
	£4,800.00	from	03/05/2072	until	01/05/2096

Expiry date: 01/05/2096

The flat values are £1,252,400 subject to the existing lease(s) [unimproved]
£1,252,400 freehold (unimproved)

Relativity	100.00%
Capitalisation Rate	6.0%
Deferment Rate	5.0%

Freehold Enfranchisement

1. Diminution in value of Landlord's interest.

14/11/2013 Ground Rent				£1,200.00 p.a.	
YP for	8.46 years @	6.0%		<u>6.4867</u>	
					£7,784.08
02/05/2022 Ground Rent				£2,400.00 p.a.	
YP for	25.00 years @	6.0%		<u>12.7834</u>	
PV £1 in	8.46 years @	6.0%		<u>0.6108</u>	
					£18,739.25
03/05/2047 Ground Rent				£3,600.00 p.a.	
YP for	25.00 years @	6.0%		<u>12.7834</u>	
PV £1 in	33.46 years @	6.0%		<u>0.1423</u>	
					£6,549.33
03/05/2072 Ground Rent				£4,800.00 p.a.	
YP for	23.99 years @	6.0%		<u>12.5490</u>	
PV £1 in	58.46 years @	6.0%		<u>0.0332</u>	
					£1,997.35

2. Loss on Reversion

02/05/2072 Reversion to				£1,252,400	
PV £1 in	82.46 years @	5.0%		<u>0.0179</u>	
					£22,407.93

Diminution in value, say £57,478

3. Landlord's share of Marriage Value.

Value of tenant's new interest	£1,252,400	
Value of Landlord's new interest	<u>£0.00</u>	
	£1,252,400	
Less:		
Value of tenant's existing lease	£1,252,400	
Value of Landlord's existing interest	<u>£35,070</u>	
	£1,287,470	
Marriage value		£0
Landlord's share @ 50%		<u>£0</u>
Premium		£57,478



**FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : **CHI/19UC/OCE/2014/0018**

Property : **1 to 8 Apex Court, 82 The Avenue,
Christchurch, Dorset, BH23 2BZ**

Applicant : **Apex Court Freehold Limited**

Representative : **Mr G Cowen, Counsel**

Respondent : **Long Term Reversions Limited**

Representative : **Mr J Clargo, Counsel**

Type of Application : **Collective enfranchisement : section
13 and schedule 6 of the Leasehold
Reform, Housing and Urban
Development Act 1993 (“the 1993
Act”)**

Tribunal Members : **Judge P R Boardman (Chairman),
and Mr A J Mellery-Pratt FRICS**

**Date and venue of
Hearing** : **16 January 2015 at Court 8,
Bournemouth County Court,
Deansleigh Road, Bournemouth, BH7
7DS**

Date of Decision : **31 January 2015**

APPENDIX C

1 to 8 Apex Court**TRIBUNAL'S VALUATION****at 14 November 2013**

Lease length remaining	82.46 yrs	
Capitalisation Rate	6.25%	
Deferment Rate	5.50%	
Ground Rent (8 flats @ £150 pa)	1200.00	
Years Purchase 8.46 yrs (remainder of 1st 25 yrs) @ 6.25%	<u>6.415393</u>	
	7698.47160	7698.47
Ground Rent for next 25 yrs (8 @ £300 pa)	2400.00	
Years Purchase 25yrs @ 6.25%	12.48545	
Present Value of £1 in 8.46 yrs 6.25%	<u>0.5990443</u>	
	17950.409414161	17950.41
Ground Rent for next 25 yrs (8 @ £450 pa)	3600.00	
Years Purchase 25 yrs @ 6.25%	12.48545	
Present Value of £1 in 33.46 yrs @ 6.25%	<u>0.1316094</u>	
	5915.530063738	5915.53
Ground Rent for last 24 yrs (8 @ £600 pa)	4800.00	
Years Purchase 24yrs @ 6.25%	12.26575	
Present Value of £1 in 58.46 Yrs @ 6.25%	<u>0.0290840</u>	
	1712.340717553	1712.34
Reversion to Freehold Value	1252000.00	
Present Value of £1 in 82.46 yrs @ 5.5%	<u>0.0120992</u>	
	15148.2009	15148.20
Marriage Value		Nil
Compensation		<u>Nil</u>
Total		48424.95