



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

Case reference : **LON/00AP/OLR/2017/0254**

Property : **Lower Maisonette, 76 Hampden Lane, London N17 0AS**

Applicant : **Judith Reiss**

Representative : **Mr B Maunder Taylor FRICS MAE
instructed by Bude Nathan Iwanier
Solicitors**

Respondent : **Ironhawk Limited**

Representative : **Mr P Harrison of Counsel**

Type of application : **Application under section 48 of the
Leasehold Reform Housing and
Urban Development Act 1993**

Tribunal members : **Judge N Hawkes
Mr I Holdsworth BSc MSc FRICS
Judge R Percival**

Date and venue : **20th and 21st June 2017 at 10 Alfred
Place, London WC1E 7LR**

Date of decision : **25th July 2017**

DECISION

Decision of the Tribunal

The Tribunal determines that the premium payable by the applicant for the grant of a new lease of Lower Maisonette, 76 Hampden Lane, London N17 0AS is £36,400.

The background

1. This is an application under section 48 of the Leasehold Reform, Housing and Urban Development Act 1993 (“the 1993 Act”) for the determination of the premium payable for the grant of a new lease of Lower Maisonette, 76 Hampden Lane, London N17 0AS (“the property”).
2. By a notice dated 19th September 2016, pursuant to section 42 of the 1993 Act, the applicant claimed to exercise the right to acquire a new lease of the property. The landlord has served a counter-notice, dated 1st December 2016, pursuant to section 45 of the 1993 Act.
3. An application for the determination of the premium payable and for the determination of the disputed terms of acquisition of the new lease was made to this Tribunal on 10th February 2017.
4. The experts have submitted a joint Statement of Agreed Facts and Disputed Issues, dated 21st April 2017, which provides as follows:

“MATTERS AGREED

- 1. It is agreed that the existing lease is for a term of 129 years from 25.12.1962 paying £10 pa without review.*
- 2. It is agreed that the valuation date is 29 September 2016 when there were 75.23 years unexpired.*
- 3. It is agreed that the capitalised value of the ground rent income is £142.*
- 4. It is agreed that the hypothetical extended lease value, unimproved but in repair, is £250,000.*
- 5. The parties are agreed that, for marriage valuation calculation purposes, the long lease value shall be taken at 99% of the freehold vacant possession value.*
- 6. The parties are agreed that the deferment rate shall be 5% pa.*

7. *The parties are agreed that the landlord is entitled to 50% of the marriage value.*

8. *The parties are agreed that there is no "other" compensation payable under paragraphs 2(c) and 5 of Schedule 13 of the 1993 Act.*

MATTERS IN DISPUTE

9. *There is an issue between the parties as to the existing lease value for the purposes of marriage value calculation."*

5. The valuers have been unable to agree the existing lease value as at the valuation date because they have adopted different approaches to the determination of relativity. Mr Maunder Taylor proposes a relativity of 93.5% and Mr Yasin proposes a relativity of 70.23%.

The hearing

6. The applicant was represented by Mr Maunder Taylor FRICS MAE and the respondent was represented by Mr Harrison of Counsel at the hearing.
7. The Tribunal was provided with a copy of an expert report, dated 8th June 2017, and an addendum report dated 19th June 2017, prepared by Mr B Maunder Taylor FRICS MAE on behalf of the applicant and with a copy of an expert report, dated 14th June 2017, prepared by Mr G Yasin BSc MRICS on behalf of the respondent. The Tribunal also heard oral evidence from Mr Maunder Taylor and Mr Yasin.
8. Colour photographs of the relevant properties were provided in the hearing bundle. Neither party requested an inspection and the Tribunal did not consider that one was necessary, nor would it have been proportionate to the issue in dispute.

The law

9. In summary, Schedule 13 to the 1993 Act provides that the premium to be paid by the tenant for the grant of a new lease shall be the aggregate of the diminution in the value of the landlord's interest in the tenant's flat, the landlord's share of the marriage value, and the amount of any compensation payable to the landlord.
10. The diminution in value of the landlord's interest is the difference between (a) the value of the landlord's interest in the tenant's flat prior to the grant of the new lease and (b) the value of his interest in the flat once the new lease is granted.

11. The value of the landlord's interest is the amount which at the relevant date that interest might be expected to realise if sold on the open market by a willing seller (with neither the tenant nor any owner of an intermediate leasehold interest buying or seeking to buy) applying the assumptions and requirements set out in paragraph 3 of Schedule 13 to the 1993 Act.
12. Paragraph 4 of Schedule 13 to the 1993 Act provides that the landlord's share of the marriage value is to be 50%, (but that where the unexpired term of the lease exceeds eighty years at the valuation date the marriage shall be taken to be nil). The unexpired term of the lease in the present case is 75.23 years.
13. For the purpose of the calculation of marriage value, it is necessary to establish the value of the interest of the lessee under the existing lease and also the value of the interest of the lessee under the extended lease. The first value is to be arrived at pursuant to paragraph 4A of Schedule 13 to the 1993 Act and the second value is to be arrived at pursuant to paragraph 4B of Schedule 13. Both of these paragraphs require the open market value of the interest to be assessed on the assumption that there are no rights under the 1993 Act in respect of the subject property.
14. There was previously a tendency to refer to the effect of this assumption as requiring one to value the existing lease in a "no Act world". However, at [14] of the decision in Trustees of the Sloane Stanley Estate v Mundy [2016] UKUT 223 (LC), the Upper Tribunal stated that this description is not completely accurate and preferably should be avoided. The statutory assumption does not change the market in which the existing lease is notionally available. The relevant market is the real market and not a hypothetical market. What is hypothetical is that the existing lease is on the market, that it does not have rights under the 1993 Act and that the existing lease is in fact sold in that market (see Mundy at [17]).
15. Both parties referred extensively to the following paragraphs of the Mundy decision on the issue of relativity (the Tribunal's emphasis added):

*166 Secondly, the valuations required under schedule 13 to the 1993 Act relate to market value on the statutory hypotheses. When the parties attempt to negotiate the amount of a premium in accordance with schedule 13 and when the tribunal comes to determine a dispute as to the amount of such a premium, the relevant valuation date will generally be a date in the past. The parties and the tribunal must focus on the state of the market at that date. **What matters is how the market performed at that date.** If the market, for example, for leases with rights under the 1993 Act at that date was influenced by certain matters, then that influence must be taken into account. For*

example, if the market at a date in the past was influenced by a particular graph of relativity then that influence is a market circumstance which is to be taken into account. It is not open to a party when discussing the market at a date in the past to suggest that the market was badly informed or operating illogically or inappropriately in order to invite the tribunal to replace actual market forces with what are suggested to have been more logical or appropriate considerations.

167 Thirdly, it is possible that the market might perform differently in the future from the way it has performed in the past. It is possible that in the future less weight will be given in the market to a particular graph or a new graph might emerge. If those new developments affect market behaviour then they must be taken into account when assessing market forces. It is conceivable that decisions of the tribunals might also influence valuers and in turn influence parties in the market. If that were to occur, then the changed market circumstances before a relevant valuation date must be taken into account when considering market value at that date.

168 Fourthly, in some (perhaps many) cases in the future, it is likely that there will have been a market transaction at around the valuation date in respect of the existing lease with rights under the 1993 Act. If the price paid for that market transaction was a true reflection of market value for that interest, then that market value will be a very useful starting point for determining the value of the existing lease without rights under the 1993 Act. It will normally be possible for an experienced valuer to express an independent opinion as to the amount of the deduction which would be appropriate to reflect the statutory hypothesis that the existing lease does not have rights under the 1993 Act.

169 Fifthly, the more difficult cases in the future are likely to be those where there was **no reliable market transaction** concerning the existing lease with rights under the 1993 Act, **at or near** the valuation date. **In such a case, valuers will need to consider adopting more than one approach.** One possible method is to use the most reliable graph for determining the relative value of an existing lease without rights under the 1993 Act. Another method is to use a graph to determine the relative value of an existing lease with rights under the 1993 Act and then to make a deduction from that value to reflect the absence of those rights on the statutory hypothesis. When those methods throw up different figures, it will then be for the good sense of the experienced valuer to determine what figure best reflects the strengths and weaknesses of the two methods which have been used.

16. The Tribunal was also referred to Mallory and Others v Orchidbase Limited [2016] UKUT 468 (LC), in particular, (the Tribunal's emphasis added):

34 Mr Nesbitt said that the use of graphs was only appropriate in the absence of market evidence, since there were shortcomings in the graphs. Had there been no available evidence, he would have relied upon his own firm's graph (featured in the RICS report) which indicated a relativity of 81.25% for an unexpired term of 57.68 years. This would represent an existing lease value of £117,813. He went on to explain that his firm's graph was based upon over 250 cases, predominantly for flats, over a wide geographical area, between 1995 and November 2008. They included settlements under the Act, and LVT decisions. During that period short leasehold sales were more prevalent than in recent times, so that it was not necessary to resort to relativity graphs.

35 Mr Nesbitt said that during this period he acted for Landlords in over 80% of his cases, and he was able to apply the agreed relativity rate in subsequent claims within the same block of flats or on estates, but as the lease length dropped below 55 years, the relativity ranged considerably in the various blocks. He therefore did not attempt to standardise below this length of term, but instead sought fresh sales evidence or followed settlements within that particular block. In cases where the evidence derived from sales was adopted by the LVT, that decision would then be applied to many subsequent settlements, and his graph would then reflect that.

36 In this case, Mr Nesbitt said that it would be wrong to ignore transactional evidence within the same blocks as the appeal flats, and instead adopt a relativity by reference to a graph, the underlying data of which might be based upon a series of settlements in far locations.

37 He also considered that there was a fundamental deficiency in the relativity graphs, in that they appeared to show that short leases were more expensive in outer London than in Prime Central London, whereas the opposite was the case. In Prime Central London the market was stronger, and featured buyers who were not generally mortgage dependent. Additionally, some of the graphs were based upon opinion, rather than transactional evidence.

...

42 We endorse and reiterate **the Tribunal's preference for market evidence over the use of relativity graphs, as long as it can be shown that the market evidence is reasonably comparable and does not require artificially extensive manipulation** in order to apply it to the subject valuation.

The submissions and evidence

17. Mr Maunder Taylor informed the Tribunal that valuers are currently experiencing considerable difficulty in valuing properties which are located outside Prime Central London. He stated that Tribunal decisions are not consistent and that there is no reasoned decision stating that a particular approach should be adopted. In addition, there is no equivalent to the Savills enfranchisable graphs for areas outside Prime Central London.
18. Further, it is generally not proportionate where the lease length is in the region of 75 years to incur the costs of Tribunal proceedings and so clients are left in a very unsatisfactory position. Mr Maunder Taylor gave evidence that there are numerous cases concerning relatively modest properties in respect of which the approach to be taken to valuation is unclear.
19. Mr Maunder Taylor interpreted paragraphs [168] and [169] of Mundy narrowly. The subject property sold in December 2013 (that is 2.81 years prior to the valuation date) for the sum of £120,000. Mr Maunder Taylor stated that this sale is not a market transaction at “around the valuation date” (see paragraph [168] of Mundy) and that the two options which are set out at [169] of the judgment therefore fall to be considered, namely:

“One possible method is to use the most reliable graph for determining the relative value of an existing lease without rights under the 1993 Act. Another method is to use a graph to determine the relative value of an existing lease with rights under the 1993 Act and then to make a deduction from that value to reflect the absence of those rights on the statutory hypothesis.”
20. Mr Maunder Taylor stated that the second proposed approach cannot be adopted because no graphs which are equivalent to the Savills enfranchisable graphs are available for areas outside prime Central London.
21. Accordingly, Mr Maunder Taylor has adopted the first method and has considered which of the relativity graphs is the most reliable. Mr Maunder Taylor gave evidence that he and his colleagues used to take an average of various graphs but that, in North London, they now use the Nesbitt graph. This is the lowest graph and, consequently, the graph which is most likely to be acceptable to landlords. He proposed a relativity of 93.5% in reliance upon the Nesbitt graph.
22. Further, Mr Maunder Taylor considered that the number of adjustments which need to be made to the comparable sales evidence which is relied upon by Mr Yasin render it unreliable. He stated that

- when valuers have not been inside the properties and are simply doing “the best they can” this adds to the unreliability. He also questioned how reliable the sales evidence relating to the subject property is when it is not known for how long it was marketed or how many people viewed the property.
23. Mr Maunder Taylor also took issue with Mr Yasin’s proposed adjustments to the comparable sales evidence upon which he relies. The experts’ proposed adjustments are set out in a helpful table prepared by Mr Maunder Taylor headed “Comparables at 29 and 23 Hampden Lane from Mr Yasin’s report”, a copy of which is attached to this decision.
 24. On the issue of indexation, Mr Maunder Taylor stated that the only figures available cover the whole of the London Borough of Haringey which encompasses a number of different kinds of property, both in terms of geographical location and property type.
 25. Mr Yasin was of the view that the graphs in general are not reliable and that, when existing lease sales are relied upon, relativities tend to be lower than those derived from the graphs. He described the sale of the subject property as “prime evidence” and he has adopted two approaches in his valuation.
 26. The first approach which Mr Yasin has adopted is as follows. He has analysed the sale of the subject property and the comparable sales evidence at around the date of sale of the subject property on 9th December 2013 in order to determine the relativity, the freehold value and the notional premium as at that date (rather than as at the valuation date).
 27. He has adjusted the sale price of the subject property by £15,000 to £135,000 because it was in disrepair at the time of sale. No specific issue was taken with this. It is agreed that an adjustment of 2.5% needs to be made to reflect the absence of rights under the 1993 Act and, accordingly, Mr Yasin arrived at a figure of £131,600 for the existing lease value as at the sale date.
 28. Mr Yasin has relied upon comparable sales evidence relating to 29 and 23 Hampden Lane in order to determine the notional freehold value of the subject property as at the date of sale. 29 Hampden Lane sold in September 2014 for £223,850 and 23 Hampden Lane sold in May 2013 for £162,000 and both flats are located opposite the subject property on Hampden Lane. Mr Yasin’s proposed adjustments to the comparable sales evidence are set out in the table which is attached to this decision.
 29. Mr Yasin gave evidence that the average of the adjusted freehold value of the two comparable flats is £187,200. In Mr Yasin’s opinion,

relativity at the date of sale is therefore 70.30%. The experts have agreed that the rate at which the value of the lease depreciates is 0.65% per annum. Accordingly, Mr Yasin has deducted 1.83% from the relativity as at the date of sale to take account of the fact that at the valuation date the lease was 2.81 years shorter and has arrived at a relativity of 68.47% as at the valuation date.

30. Mr Yasin stated that he has compared the rate of 0.65% with the rate of 0.5% which is indicated by the Gerald Eve graph but, in any event, the rate of 0.65% is agreed.
31. The respondent's case is that, had the sale date been the valuation date, the valuation would have been unlikely to have been controversial and the rate of depreciation which is relied upon in order to arrive at the relativity as at the valuation date is agreed.
32. The second approach which Yasin has adopted is as follows. He has indexed the sale of the subject property to the valuation date using the Land Registry Index and has arrived at a relativity of 71.99%.
33. Finally, Mr Yasin has taken an average of the two relativities and has arrived at a relativity of 70.23%. He accepted that "there are arguments that the use of indexation can fall into question over extended periods". However, the accuracy of his valuation is said to be increased by virtue of his reliance upon the comparable sales evidence.
34. Mr Yasin stated that he has spoken to the agent and that he has no reason to doubt that the sale of the subject property was a standard open market transaction.
35. The respondent submitted that what matters is how the market performed at the valuation date and that the two approaches set out at [169] of Mundy are not exhaustive.
36. The respondent stated that it is self-evident that, as the length of the lease declines, relativity must increase. Relativity as at the date of sale of the subject property in December 2013 must represent a ceiling because this was a sale with rights under the 1993 Act and the lease was shorter at the valuation date than it was at the date of this sale. The relativity which is arrived at by reliance upon the Nesbitt graph is inconsistent with this ceiling. According to the Nesbitt graph, the subject property would be worth approximately £50,000 more as at the sale date without 1993 Act rights than it sold for with 1993 Act rights.
37. Mr Yasin noted that purchasers of properties might consider it to be in their best interests wait before enfranchising, specifically in order to be in a position to argue that the relativity graphs should be relied upon

rather than the sales evidence relating to their property with a view to obtaining a “reduced premium”.

38. The Tribunal asked the valuers:
- (i) what they understand to be meant by a “reliable” market transaction and by “at or near the valuation date”; and
 - (ii) if a transaction ceases to be a reliable market transaction at or near the valuation at the point at which the market evidence becomes less reliable than the graphs, upon what basis the Tribunal should seek to compare the relative reliability of graphs and market evidence?
39. Mr Yasin accepted that this is a difficult question and he is of the view that there is no point at which one can transition from relying upon market evidence to relying upon the relativity graphs without apparent anomaly. Mr Maunder Taylor stated that it is a case of relying upon judgment but the basis upon which such judgment is to be exercised is not clear to the Tribunal.
40. The experts agreed that the extent to which the market was volatile is relevant when considering whether or not a market transaction took place sufficiently close to the valuation date to be relied upon. There was some disagreement as to what constitutes “volatility”. Mr Yasin was of the opinion that there were fewer problems when the market was moving steadily on one direction than when prices went up and down over the relevant period.

The Tribunal’s determination

41. The Upper Tribunal stated at [166] of Mundy that what matters is how the market performed at the valuation date. The Tribunal notes that it is not stated at [169] of Mundy that the two valuation methods which are identified are the only possible approaches which may be adopted. Further, in our view, Mallory confirms that it is appropriate to construe Mundy broadly rather than as requiring the Tribunal to adopt one of the two approaches set out at [169] if the criteria in [168] are not met.
42. Accordingly, it falls to be considered which of the two experts has provided the most reliable evidence as to how the market performed at the valuation date.
43. We consider that, if the date of sale of the subject property had been the valuation date, it is unlikely that the valuation would have been particularly problematic.

44. The Tribunal notes that the applicant has not herself suggested that there was anything unusual about her purchase of the subject property and that there is no evidence which indicates that this sale was anything other than a standard, open market transaction.
45. The Tribunal is satisfied, on the balance of probabilities on the basis of the limited evidence available, that the transaction would comply with the RICS definition of an open market sale, namely that:

“it was between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”
46. The adjustments which the Tribunal would have made to the comparable sales evidence had the valuation date been the date of sale are shown in the second table which is attached to this decision.
47. The Tribunal prefers Mr Maunder Taylor’s view that percentage adjustments are likely to be more accurate than “spot figure” adjustments.
48. The Tribunal finds that an adjustment of -10% is appropriate to reflect the fact that the comparable properties are newer than the subject property; are purpose built; and are likely to have lower running costs.
49. The Tribunal finds that an adjustment of -2.5% is appropriate to reflect the benefit to the comparable properties of having a parking space.
50. Mr Maunder Taylor adduced sales evidence relating to the purchase of two garages in the locality of subject property, one for £11,200 and a second for £12,000. Both sales related to a garage alone. However, one of these garages was purchased, according to Mr Maunder Taylor’s evidence, by a purchaser who did not reside in the area and who wished to have the right to park for the purpose of occasionally attending events at White Hart Lane, a football ground nearby.
51. The Tribunal considers that, given the location of the football ground, there existed in the area a special market for separate garages which does not provide a good guide to the increase in the value of a flat attributable to a dedicated parking place. Accordingly, the Tribunal has not placed significant weight upon this sales evidence.
52. The Tribunal accepts that that there is no direct correlation between size and sale price in the area in which the subject property is situated (where the market is made up of both buy-to-let landlords and first-time buyers). However, the Tribunal considers that increased size is of some value and finds that an adjustment of -2.5% is appropriate to reflect the greater size of the comparable properties.

53. The subject property has a reasonably sized private garden which is easily accessible. The Tribunal considers this to be preferable to the communal lawn of the comparable properties and a valuable amenity. The Tribunal finds that it is appropriate to make an adjustment of +7.5% in respect of the outside space.
54. Applying the Tribunal's adjustments, which are set out in the second table attached to this decision, the average notional freehold value at the date of sale is £174,622. The sale price with an upward allowance for condition of £15,000 and no deduction for 1993 Act rights is £135,000 and relativity as at December 2013 for the lease with 1993 Act rights is therefore 77.31%.
55. It is agreed that there should be a deduction of 2.5% in respect of 1993 Act rights. Accordingly, the adjusted sale price for the lease without 1993 Act rights is £131,625 and relativity for the lease without 1993 Act rights is 75.38% as at the date of sale.
56. In relying upon the comparable sales evidence, only four contested adjustments have been made. Accordingly, the Tribunal is satisfied that the relativities of 77.31% for the lease with 1993 Act rights and 75.38% for the lease without 1993 Act rights, as at the date of sale, are reasonably accurate. Even allowing for a potential margin of error, the Nesbitt graph is wholly inconsistent with this and provides that relativity for a lease without Act rights as at the sale date of the subject property is 95.02%.
57. Rights under the 1993 Act are clearly valuable. At [127] and [128] of Mundy, the Upper Tribunal stated:

127 In his opening submissions, Mr Jourdan for the lessor of Flat 5 described the benefit of rights under the Act in this way:

“Act rights are valuable, for a number of reasons. The tenant has the right, at a time of his choosing, to serve a notice claiming a new lease. He can buy the lease of the flat he wants paying, in effect, only part of the price immediately, with a further payment due at a time of his choosing. The price is fixed on a basis which excludes the tenant's overbid whilst guaranteeing him 50% of the marriage value. He has the right to have the price determined by an independent tribunal, and is not at risk as to costs (unless he acts unreasonably). If the claim proceeds, it can take a considerable time before the price is paid, during which period he pays no interest but only the ground rent. If property prices go up, he keeps the increase in the price after the valuation date. If prices go down, he can withdraw the notice and serve another one a year later. The price is determined on a basis which disregards any effect of improvements, so meaning that he can make improvements

which might not be economic if he held only an unenfranchiseable lease.”

128 We did not understand Mr Rainey to disagree with this description of rights under the Act. We agree that the Act confers these substantial benefits on lessees who qualify under it.

58. Accordingly, we consider that, in the circumstances of the present case, it has been demonstrated that the Nesbitt graph is unreliable because it shows that relativity of the lease without 1993 Act rights is much greater than relativity of the lease with 1993 Act rights, as at the date of sale of the subject property.
59. Whilst the answers to general questions set out at paragraph 38 above remain unclear, the Tribunal is unable to rely upon the Nesbitt graph in the present case. Accordingly, the Tribunal prefers Mr Yasin’s approach to the valuation, subject to the findings which it has made in respect of the comparable sales evidence.
60. As stated above, the Tribunal has determined that relativity as at the sale date of sale of the subject property is 75.38% for the lease without 1993 Act rights. The parties have agreed that the value of the lease depreciates at the rate of 0.65% per annum. The Tribunal heard no evidence regarding this and has applied the agreed deduction to the relativity of 75.38% to arrive at a relativity of 73.55% as at the valuation date.
61. By adopting Mr Yasin’s approach of taking the average of:
- (i) the relativity of 73.55% which is based on the comparable sales evidence; and
 - (ii) the relativity of 71.99% which is obtained by indexing the sale of the subject property,

The Tribunal has arrived at a relativity of 72.77% as at the valuation date.

The Tribunal’s valuation

62. The premium payable is £36,400. The Tribunal’s valuation is attached to this decision.

Judge Hawkes

25th July 2017

Report of: B R Maunder Taylor, FRICS, MAE
 Specialist Field: Chartered Surveyor and Property Valuer
 On behalf of: The Applicant
 Prepared for: The First-Tier Tribunal

76 HAMPDEN LANE, LONDON N17 0AS

December 2013: 78 years unexpired: £120,000

RC/LON/00AS/OLR/2017/0254

COMPARABLES AT 29 AND 23 HAMPDEN LANE FROM MR YASIN'S REPORT

29 HAMPDEN LANE: SEPTEMBER 2014: 999-YEAR LEASE: £223,850

	RESPONDENT		£223,850	APPLICANT		£223,850
New build	- £5,000	Spot figure	£218,850	- £22,350	10% of p.p.	£201,500
Allocated parking	- £5,000	Spot figure	£213,850	- £11,200	5% of p.p.	£190,300
15% larger	- £5,000	Spot figure	£208,850	- £22,350	10% of p.p.	£168,000
Outside space	+ £15,000	Spot figure	£223,850	Neutral		£168,000
Time 9/14-12/13		101.78-85.95	£189,000		101.78-85.95	£141,900

23 HAMPDEN LANE: MAY 2013: 85-YEAR LEASE: £162,000

	RESPONDENT		£162,000	APPLICANT		£162,000
New build	- £5,000	Spot figure	£157,000	- £16,200	10% of p.p.	£145,800
Allocated parking	- £5,000	Spot figure	£152,000	- £8,100	5% of p.p.	£137,700
15% larger	- £5,000	Spot figure	£147,000	- £16,200	10% of p.p.	£121,500
Outside space	+ £15,000	Spot figure	£162,000	Neutral		£121,500
85 years unexp.	+ £10,400	6%	£172,400	+ £8,100	6% of p.a.	£129,600
Time 5/13-12/13		79.89-85.95	£185,500			£139,400

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Lease and Valuation Data

Lease Term: 25/12/1982
 Lease Expiry date: 24/12/2091
 Unexpired term as at valuation date: 75.24 years
 Date of Valuation 29/09/2016

Rent receivable by landlord:
 Payable from valuation date for 75.24 years £ 10

Values

Extended lease value on statutory terms	£	250,000	
Notional Freehold	£	252,525	
LHVP with current term unexpired	£	183,763	Relativity 72.77%

Capitalisation rate (%)	7.00
Deferment rate (%)	5.00

Value of Freeholders present interest

Term 1

Ground rent payable	£	10	
YP @ 75.24 years @ 7%		14.19780	£ 142
Reversion			
Freehold in vacant possession	£	252,525	
Deferred @ 75.24 years @ 5%		0.025452	£ 6,427
Current value of the freeholders interest			£ 6,569
Less			
Freehold value after leasehold extension	£	252,525	
PV of £1 in 165.24 years at 5%		0.00032	£ 80
Freeholders interest value			£ 6,490

Marriage value

Value of flat with long lease on statutory terms	£	250,000	
Landlords proposed interest	£	80	£ 250,080
Less			
Value of Leaseholders existing interest	£	183,763	
Value of Freeholders current interest	£	6,569	£ 190,333

Marriage value	Total	£ 59,747
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Division of Marriage Value equally between

Freeholder	£ 29,873
Leaseholder	£ 29,873

Price payable to Freeholder

Value of freeholders current interest	£ 6,490
Plus share of marriage value	£ 29,873

Total	£	36,363
Say	£	36,400