

2512



HM Courts
& Tribunals
Service



Residential
Property
Tribunal

LONDON RENT ASSESSMENT PANEL

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON AN APPLICATION
UNDER SECTIONS 24 & 91 OF THE LEASEHOLD REFORM, HOUSING AND
URBAN DEVELOPMENT ACT 1993

Case Reference: LON/00AJ/OCE/2012/0018

Premises: 100 Twyford Avenue, London W3 9QF

Applicant(s): Ms Danielle Rae Synders, Flat A
Ms Susanne Rebecca Crabb, Flat B
Mr Rafal Andrearczyk Flat C
and Mr Mark Korczyk

Representative: Mr Kevin Payne, Counsel
Instructed by Coole & Haddock Solicitors
Mr Julian Wilkins MRICS of Julian Wilkins
Chartered Surveyors

Respondent(s): Mr Kamlesh Kumar Anand

Representative: Mr Kamlesh Kumar Anand appeared in person

Date of Application: 12th September 2011

Date of Hearing: 22nd May 2012

**Leasehold Valuation
Tribunal:** Mr A A Dutton – chair
Mr P Tobin, FRICS, MICArb

Date of decision: 20th June 2012

Decision of the Tribunal

The Tribunal determines that the price payable for the freehold of the property 100 Twyford Road, London W3 9QF (the premises) is £26,100 as set out on the valuation attached hereto.

The Tribunal determines that the Respondent is not entitled to any costs under the provisions of Section 33 of the Act for the reasons set out below.

The Tribunal determines that the Respondent is not liable to pay the Applicant any costs by virtue of provisions of schedule 12 paragraph 10 of the Commonhold and Leasehold Reform Act 2002 for the reasons set out below.

Background

1. This application was made by the lessees of the three flats in the premises on the 12th September 2011 following earlier service of a Section 13 notice and a counter notice. The counter notice admitted that the Applicants were entitled to exercise the right to collective enfranchisement but disputed the price put forward in the initial notice which was £21,100. In the counter notice it was suggested that the appropriate price to be paid should be £72,500. The counter notice was served on behalf of the Respondent by Cheal Asset Management Limited (CAM).
2. The matter was listed for hearing on 22nd May 2012 when Mr Payne of Counsel represented the Applicants accompanied by Mr Wilkins, a Chartered Surveyor. The Respondent, who is known as Mr Kumar, represented himself. In the papers before us we had copies of the initial notice, counter notice and application, the directions issued by the Tribunal, the draft transfer and experts report of Mr Wilkins dated 8th February 2012 and some correspondence. In addition in a separate bundle submitted by the Respondent, we received various copy emails and letters passing between CAM, the Applicants' solicitors, Mr Wilkins and the Tribunal. In addition this bundle included some layout plans of the ground floor flat which after some confusion on the part of Mr Kumar was agreed to be Flat C and a report purportedly prepared by a company called PK Associates who describe themselves as surveyors and freehold property valuer specialists. This report was dated 1st November 2011. In a letter produced by Mr Kumar at the Hearing he made one or two corrections to this report, the first being that the property was inspected on 1st November and that the description of the property as a terraced house should be amended to read as a semi detached property. The letter also went on to indicate that a Mr P K Anand, senior partner in a company known as KLPA and Company, estate management consultants, had apparently formed the company PK Associates, whose report Mr Kumar sought to rely on, at least in part. The letter which bore a date 21st March 2012 also appeared to indicate that CAM were never authorised to act on his behalf.

3. In addition to these documents, on the morning of the hearing Mr Payne produced a skeleton argument and a supplemental skeleton argument, the latter arising as a result of the somewhat late production of the report by PK Associates. Further, the calculations exhibited to the PK Associates report had been "corrected" by Mr Wilkins, not by changing the basis upon which the valuations were put forward, but to correct errors in the figures utilised to achieve the final purchase price. We should say at this stage that we have checked and agree the corrections by Mr Wilkins. Finally, Mr Payne had produced a file containing a number of authorities and copies of Sections 32, 33 and schedule 6 to the 1993 Act and a copy of schedule 12 to the 2002 Act.

The Hearing

4. At the commencement of the case we asked Mr Kumar whether he had had any involvement in the preparation of the report by PK Associates but he denied he had. We asked who had prepared the report and what professional qualifications he or she may have had but he was unable to assist us.
5. Mr Payne stated that the report had been provided late in the day but that he was prepared to agree that it should come before us for consideration, particularly in the light of the supplemental skeleton argument. Mr Kumar then said that he had not seen the bundle of papers provided by the Applicants in this case. He was, however, provided with further copies and he confirmed that he wished the matter to proceed. At this point he told us what he considered to be the main issue from his perspective and that was the conversion of Flat C into two properties, which he said had taken place. He told us that planning permission had been granted, it seems in 2008, to enable the ground-floor flat to be converted into what appeared to be a studio flat to the front of the property and a one bedroom flat to the rear. The present layout of the flat showed a living room to the front with a bedroom behind that and to the rear of the property a further bedroom and kitchen. In between was a bathroom and a under stair cupboard which it was said may have been a bathroom previously. It should be noted that the plan attached to the lease indicates that the property at that time was intended to be a three bedroomed flat with a living room the front containing a kitchen area. It was Mr Kumar's case that this change from a three bedroomed property to either the two bedroomed flat or the conversion, which he said had now taken place, had been done without his permission.
6. Mr Payne in his opening to us confirmed that we needed to deal with the transfer terms, the premium and the costs. The transfer had been prepared by the Applicants' solicitors because the Respondent had failed to deal with this and further it was not until the morning of the Hearing that any indication as to the Respondent's costs had been produced. The Applicants argued for a premium of £23,800.
7. Mr Wilkins was called to speak to his report. Both parties have the report in their possession and it is not necessary for us to recount the same in detail. The report argued for a capitalisation rate in respect of the ground rent of 7%

relying on the case of *Nicholson v Goff* [2007] 1EGLR 83. As to the deferment rate Mr Wilkins accepted that the starting point was 5% as determined by the Court of Appeal in *Sportelli* although reminded us that this deferment rate did not necessarily apply to properties that were not within the prime central London area. In that regard he relied upon the case of *Zukerman and others*, an Upper Tribunal case, on appeal from the Midlands Panel, where departure from the *Sportelli* guidelines had been allowed reflecting such matters as growth rates, obsolescence and management problems. In his view there was a problem with regard to obsolescence and deterioration and he considered that an uplift of 0.25% should be added to the deferment rate for this element. He also thought that there were increased management risks as set out in his report and that a further uplift of 0.25% should be applied. He therefore concluded that the appropriate deferment rate should be 5.5%.

8. On the question of relativity he referred us to the *Arrowdell* case and the request therein for the RICS to attempt to produce some form of working paper. That had been done and he suggested that the graphs of relativity produced by Andrew Pridell Associates, South East Leasehold and Nesbitt and Co were appropriate giving an average relativity of 94.85%.
9. On the question of market values for the subject property he put forward eight comparable properties, which were located close to the subject property and which he said assisted in determining the value, where sales had actually taken place, and a further two where exchanges were about to happen. He pointed out that Flat C had been purchased by the current leaseholders in June of 2007 at a price of £243,000 and applying the Land Registry house price indices since then, lifted that price to £252,337. In the alternative, if one applied the Nationwide Building Society price index the increase was smaller, to just £245,175. It was pointed out that the property was adjacent to a main railway line and a busy road which he thought would impact on the value. He concluded that the value of Flat A, the first floor flat at the front of the building, should be £185,000, Flat B, the first floor flat at the rear of the building, £180,000 and Flat C, which took up the ground floor, £250,000.
10. Insofar as the development value was concerned, that is to say the conversion of the ground floor property into two units, he dismissed that as having no value. Certainly it would not be open to the Landlord to develop and it would rest with the tenants and would therefore form part of the marriage value. He was, however, satisfied that the work required, the potential legal issues and planning matters and other associated issues would be such that there would be no significant, or indeed potentially any, profit to be made in the conversion works.
11. Accordingly he concluded that the price to be paid for the enfranchisement of the property was £23,800.
12. Mr Kumar asked certain questions of Mr Wilkins designed to test his experience of the Acton area. Mr Kumar said that he was experienced in dealing with properties and knew the Acton area very well. He also asked why

no measurements of the flats had been produced and asked why there had been confusion as to the number of participating tenants.

13. In answering questions from us concerning the original use of the flat as one with three bedrooms and the potential conversion to two units, Mr Wilkins told us that he did not think that the layout of the flat as an original three bedroomed property would have added any value, as the front living room with a kitchen area and the general layout would have adversely affected the price. He confirmed that he had measured Flat C and calculated it to be 85 square metres and not as set out in the PK report where the measurements appeared to have been taken from a plan and gave rise to a suggested a measurement of 113sqm. He thought also that the costs of conversion would be high, in excess of £50,000 with further expense in relation to legal costs, planning and building regulations. He thought that the best one might be able to achieve was up to £200,000 for the one bedroom flat and £130,000 for the studio flat. In his professional opinion there was not enough profit in it to justify the works.
14. On the question of the uplift for the Sportelli rate he said that the leases were poorly drafted and that the Landlord had no real control over the tenants whose obligation it was to maintain the property.
15. We then heard from Mr Kumar. He said that he was standing by the figure of £76,000 included within the PK report. In his view the real issue settled on the development of the ground floor flat. He said that as a freeholder having a great deal of experience in selling a number of properties in the area, whilst he stood by the figure put forward by PK Associates he thought that in fact the development potential had been underestimated. He thought that Flat C if converted could be worth £400,000 in total with a cost of only £35,000 to do those works, giving a gain of over £100,000. He thought that this sum should be shared equally between himself and the Applicants and that therefore the £76,000 figure argued for by PK Associates should be uplifted to £106,000. He thought a £30,000 uplift was fair on the Applicants. He was then asked what would be the position if the re-calculations by Mr Wilkins of the figures produced by PK Associates were correct which would give a premium of £39,000. He said that if that were the case, the development value should increase from the £30,000 that he had been prepared to accept, to £60,000, thus giving a figure of £99,000 as being the appropriate price to be paid in respect of the property, given the development potential for the ground floor flat. He reminded us of his experience as an investment consultant and confirmed that he would accept the changes to the PK Associates valuation if it could be shown they were mathematical errors.
16. For the record, we should record the contents of the PK Associates report and valuation prepared in November of last year. It confirms the instructions given and says "*that the Valuer is independent of any interested parties involved in this transaction and conforms to the requirement.*" That requirement presumably being the valuation standards. The report, however, is not signed by an individual and as Mr Kumar had said he had no idea who may have prepared the report, notwithstanding that he appears to have a fairly close

relationship with PK Associates. The report erroneously described the property as an end of terrace and suggested that it had been built around 1940. The accommodation details, at least insofar as the ground floor was concerned, was set out although there was an issue as to the measurements. It appears that there has been no inspection of the flats on the first floor. Some details of the construction, condition and the services to the flats were provided. The report confirmed that no improvements had been made which would affect the valuation, which was indeed the case, and then listed a number of miscellaneous matters such as the tenure of the property and the basis of the valuation. As to the capitalisation rate, the report argued for 5% and also 5% for the deferment rate. The calculations which were produced supported a figure of £76,000.

17. The question of costs was then considered. The claim for costs appears to be contained in a letter of 1st March 2012 from CAM to Coole Haddock with copies to the Tribunal and to Mr Kumar indicating that the total costs estimated of Mr Kumar were £2,070. This appeared to be inclusive of VAT. £720 was charged for considering the initial notice, £600 for the fees for PK Associates for the report and £750 for considering the transfer. Mr Kumar told us that he was a director of CAM, with a son, and that he had a number of people who were employed to check the legal aspects of the notice and the transfer. Indeed he said he had instructed Counsel, and the Counsel's fees, which he thought were £300, were included in the £720 charged for considering the initial notice. He said that three hours had been spent by a legally qualified person at £75 per hour but that CAM also had a charge of £200 per hour. No invoices from PK Associates were produced nor Counsel's fee notes nor were timesheets or details of who may have carried out the work provided.
18. Mr Payne said that Mr Kumar had failed to supply information on costs until the Hearing, that little or no weight should be given to the letter of 1st March and as Mr Kumar himself said in the letter produced at the Hearing, CAM were not authorised to represent him. He could not, therefore, see how Mr Kumar would have had any personal liability for any of the costs which he sought to recover.
19. Mr Payne then sought to make an application under schedule 12 paragraph 10 of the Commonhold and Leasehold Reform Act 2002 citing the Upper Tribunal case of *Halliard Property Company Limited v Belmont Hall and Elmcourt RTL Company Limited and others*. He said that Mr Kumar had failed to engage properly, failed to comply with the directions, in particular was late in delivering the expert's report, resulting in additional costs being incurred including the preparation of the transfer for which the Respondent should have been responsible.
20. Mr Kumar said that the claim was "totally berserk." All documents had been sent. In fact he had not received documents from them and resisted the claim for £500 made by Mr Payne.

21. In short submissions Mr Payne asked us to study Mr Wilkins' report thoroughly, to dismiss Mr Kumar's suggestions as to the development value as they were unsupported by evidence and that we should prefer the Applicant's evidence throughout.
22. Mr Kumar said that as the freeholder he was the person who would decide and guide his Valuer. He believed there was a development value and that must be so as planning permission had been obtained. He said that when we inspected the property we would see that it had been converted and reminded us that the lease plan showed the flat as originally being three bedroomed.

Inspection

23. We inspected the subject premises on the day after the Hearing. The property is a two storey, semi-detached house. The first floor is externally tiled, which are in poor condition, and the ground floor is rendered. The decorative state of repair is reasonable but tired. There is parking to the front of the property. The property fronts a busy road and to the side lays a mainline railway. There is parking available to permit holders on the road. We were not able to inspect Flats A and B but did make an internal inspection of Flat C which was accessed via the side passageway. The flat itself was in a tired condition, in need of redecoration and refurbishment. It consists of a living room to the front in which it seems the kitchen area may have been originally sited by reference to the original lease plan. The room was at the time of our inspection being used as a third bedroom. Part of the room is affected by the stairs leading to the upper floor which creates an unhelpful small area which is of little use. Behind this room are two good sized double bedrooms both having double glazed doors leading to the garden. The bathroom has been the subject of improvement works although these seem still to be underway as the toilet appeared to be propped up on wood. There is a small room which sits under the stairs just adjacent to the entrance which has a toilet in situ but was now used as a store room. The kitchen was basic and in poor condition. There was evidence of mould and damp and it had a somewhat dilapidated feel. This also had double glazed doors leading to the garden which was a "jungle". The property has a general feel of dilapidation and needs some attention to the exterior in the near future.

The Law

24. The law relevant to this case is set out in the attached schedule.

Findings

25. We should say at the outset that we were unconvinced by the evidence produced by Mr Kumar. The report from PK Associates bore no author's name and no details of any qualifications of the person who may have written it. It contains no comparable evidence and Mr Kumar's assertion he was an experienced property man and that we should accept what he said was not

compelling. He produced no evidence to support the assertion that there was development potential for the ground floor flat which should be reflected in the price paid for the freehold. Accordingly where there are issues of dispute relating to valuing matters we prefer the evidence of Mr Wilkins. It should, however, be noted that we were disappointed with some of the evidence of Mr Wilkins. We think he could have assisted more in dealing with the value of the flat as a three bedroomed property as opposed the present configuration of two bedrooms. In addition also he could have assisted us more on the potential development, particularly obtaining for example proper valuations for the studio and one bedroom flat and the costs associated with such conversions. We were, therefore, left to a certain extent, to plough our own furrow on these issues.

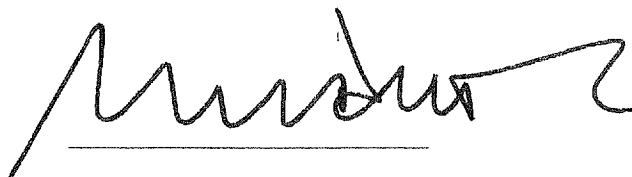
26. There are a number of matters we need to consider and we start firstly with the capitalisation rate for the ground rent which Mr Wilkins suggested should be 7% and Mr Kumar through PK Associates 5%. We prefer Mr Wilkins' evidence on this matter, much of which was, however, apocryphal. However, in our knowledge and experience properties of this nature with ground rents being achieved as set out in these leases would give rise to a capitalisation rate of around 7% and we see no reason to depart from that figure in calculating the enfranchisement price.
27. So far as the deferment rate is concerned, we bear in mind the requirements of Sportelli and the possibility of uplifting the rate as reflected in the Zukerman case. Mr Wilkins suggested that there was obsolescence and increased management risk. As we have indicated in the inspection section, the property is not in very good condition but did not appear to be structurally challenged. However, it does not seem to us that there is any greater fear of obsolescence for this property than in any other in the area and certainly not in our findings sufficient to warrant an uplift of 0.25% as suggested.
28. Insofar as the increase in management risks is concerned, we are not clear what those would be. The lease provides for the tenants to repair and insure. The only covenant the Landlord has to observe is one of quiet enjoyment and reciprocal enforcement. The suggestion therefore the leaseholders would struggle to pay maintenance and insurance charges, as it seems to us, without evidence. The leaseholders will have every interest in wishing to maintain the value of their property and the concerns that may have been visited upon others, for example as a result of the Service Charge Consultation requirements would not apply in this case as there is no obligation on the Landlord to carry out any works which would give rise to any section 20 notices. In the circumstances, therefore, we find that the deferment rate should remain at 5%.
29. We then turn to the question of relativity. Mr Kumar through PK Associates suggested a relativity of 92.5%. There is no clear indication in the report from PK Associates how they have achieved that relativity rate and nor did Mr Kumar provide any at the hearing.

30. Mr Wilkins has at least sought to consider the graphs prepared under the RICS banner by a number of valuers. He sought to exclude the findings of Peter Beckitt of Beckitt and Kay on the basis that the graph was purely opinion based. It has to be said that that seems to us to form part of the other graphs as well, as certainly Andrew Pridell's graph includes opinion and settlement evidence. Nesbitt and Co is also settlement evidence based and the South East Leasehold graph is based on transactions in 1997. However, for the purposes of this determination we are prepared to accept the basis upon which Mr Wilkins has concluded that a relativity of 94.85% applies.
31. We turn then to the long lease values of the properties. Mr Wilkins sought to argue that the value for Flat A should be £185,000, Flat B £180,000 and Flat C £250,000. Mr Kumar through PK Associates considered that the ground floor flat would be valued between £300,000 and £320,000 and the one bedroom flats between £200,000 and £220,000. No evidence was set out in the report as to how these figures had been achieved. It was also interesting to note that in the report the following paragraph is to be found: *"after careful thought and consideration we are of the opinion that a fair and likely premium with the planning permission to divide ground floor Flat A (it should be C) into two flats, one studio and one bedroom flat, may be in the region of around £350,000."*
32. We are prepared to accept Mr Wilkins' valuations as at least they have some support from the comparable properties that he put forward. We noted that in a valuation produced in March 2012 he had valued the one bedroom flats at £190,000 each. No question was raised of Mr Wilkins by Mr Kumar on this apparent anomaly and where he had referred to this in a letter dated 3rd January 2012, Mr Kumar's only complaint appeared to be that Mr Wilkins had failed to appreciate that Flat A was in fact participating and that the proposed premium he then argued for was incorrect in failing to reflect that fact. It should be noted also that the valuation figure argued for by Mr Wilkins in March relying on capital values of £190,000 for both flats gave an overall figure of £22,650 whereas the valuation in fact argued for at the hearing was £23,814.
33. On the question of development we have to say that the evidence of Mr Kumar was wholly unacceptable. He sought to argue that the ground floor flat had been converted but on inspection it clearly had not and the figures he suggests seem to have been plucked from the air. At one point he appeared to be accepting that he could receive up to £30,000 as the development value but if the calculations turned out to be different as a result of the reworking of the figures by Mr Wilkins, he should be getting £60,000. His own report did not support these suggested figures. His position was wholly unsustainable. We record that the correct re-calculating of the Respondents figures gives a premium of £39,000.
34. It is also to be noted that in his "expert's" report it is suggested that the capital value of the ground floor flat is between £300,000 and £320,000 and that when it is converted it will be around £350,000. This means that there will be a maximum of £50,000 development value or as little as £30,000. Having

seen the property we are satisfied that the conversion works would be quite extensive and that to be able to sell the property works would need to be done both the exterior and the garden which is in a very unkempt condition. We agree, therefore, with Mr Wilkins' view that there would be little or no development value to justify the works of conversion.

35. We then turn to the question of transfer. The only points we would make are that we believe that the transfer should be with 'limited title guarantee' and not as recorded and we just raise whether or not there should be review of the basis upon which the Applicants will hold, which presently records that element as 'tenants in common with equal shares'. Without knowing, however, how the parties are going to contribute towards the purchase price we cannot take that matter any further. Save for that the transfer is approved.
36. On the question of costs we will deal firstly with the Applicant's claim for costs under the 2002 Act. We have considered the Halliard case which we do not think really helps us. We do not believe Mr Kumar has acted in such a manner that he falls within the wordings of the schedule. The hearing was not delayed or extended. Accordingly we are not inclined to make an order under the 2002 Act.
37. We turn then to the section 33 costs. The costs are set out in the letter of 1st March 2012. They give no breakdown, they do not say who has done the work and no invoices are produced from PK Associates or indeed Counsel who has allegedly provided advice. Mr Kumar is a director of CAM. We do not believe he would have any liability to pay the costs of his own company in dealing with these matters. Furthermore the letter of 1st March is an "estimate" of charges. The sums claimed even if there were some merit to them are excessive. We find, therefore, that no costs are payable by the Applicants to the Respondent in respect of matters arising under section 33 on the basis they are unreasonable and we are not satisfied that Mr Kumar had any personal liability for any of the costs he says have been incurred.
38. The basis of our valuation is as shown on the attached document and we confirm that we find that the price payable for the freehold is £26,100. We have not divided this between the individual flats and will leave that to the Applicants to resolve between them depending upon how they are proposing to contribute towards this premium.

Chairman:



Date:

20th June 2012

Appendix of relevant legislation

S33 Costs of enfranchisement.

- (1) Where a notice is given under section 13, then (subject to the provisions of this section and sections 28(6), 29(7) and 31(5)) the nominee purchaser shall be liable, to the extent that they have been incurred in pursuance of the notice by the reversioner or by any other relevant landlord, for the reasonable costs of and incidental to any of the following matters, namely—
 - (a) any investigation reasonably undertaken—
 - (i) of the question whether any interest in the specified premises or other property is liable to acquisition in pursuance of the initial notice, or
 - (ii) of any other question arising out of that notice;
 - (b) deducing, evidencing and verifying the title to any such interest;
 - (c) making out and furnishing such abstracts and copies as the nominee purchaser may require;
 - (d) any valuation of any interest in the specified premises or other property;
 - (e) any conveyance of any such interest;
 but this subsection shall not apply to any costs if on a sale made voluntarily a stipulation that they were to be borne by the purchaser would be void.
- (2) For the purposes of subsection (1) any costs incurred by the reversioner or any other relevant landlord in respect of professional services rendered by any person shall only be regarded as reasonable if and to the extent that costs in respect of such services might reasonably be expected to have been incurred by him if the circumstances had been such that he was personally liable for all such costs.
- (3) Where by virtue of any provision of this Chapter the initial notice ceases to have effect at any time, then (subject to subsection (4)) the nominee purchaser's liability under this section for costs incurred by any person shall be a liability for costs incurred by him down to that time.
- (4) The nominee purchaser shall not be liable for any costs under this section if the initial notice ceases to have effect by virtue of section 23(4) or 30(4).
- (5) The nominee purchaser shall not be liable under this section for any costs which a party to any proceedings under this Chapter before a leasehold valuation tribunal incurs in connection with the proceedings.
- (6) In this section references to the nominee purchaser include references to any person whose appointment has terminated in accordance with section 15(3) or 16(1); but this section shall have effect in relation to such a person subject to section 15(7).
- (7) Where by virtue of this section, or of this section and section 29(6) taken together, two or more persons are liable for any costs, they shall be jointly and severally liable for them.

LVT VALUATION AS AT 12 SEPTEMBER 2011

FLATS A, B & C, 100 TWYFORD AVENUE LONDON W3 9QF

Ground rental income from 3 flats @ £75 each	£225.00		
Years' purchase (YP) for 9.42 years @ 7%	6.7329	£1,515	
Increased ground rents @ £150 each	£450.00		
YP for 33 years @ 7%	12.7538		
Present value (PV) in 9.42 years @ 7%	0.529	6.747	£3,036
YP for last 33 years @ £300 each	£900.00		
YP for 33 years @ 7%	12.7538		
PV in 42.42 years @ 7%	0.057	0.727	£ 654
			£5,205
Reversion to freehold with vacant possession	£615,000		
PV in 75.42 years @ 5%	0.02523		£15,516
<u>Total value of existing freehold interest</u>			<u>£20,721</u>
Landlord's proposed interest	£615,000		
PV after 165 years @ 5%	0.000319		£ 196
<u>Diminution in value of freehold</u>			<u>£20,525</u>
Marriage value:			
Lessees' proposed interests	£615,000		
Lessor's proposed interest	196	£615,196	
Lessor's present interest	£ 20,721		
Lessees' present interest (94.85% relativity)	£583,328	£604,049	
<u>Marriage value</u>			<u>£11,147 @ 50% = £5,574</u>
Premium payable			£26,099
			say £26,100

LVT VALUATION AS AT 12 SEPTEMBER 2011

FLATS A, B & C, 100 TWYFORD AVENUE LONDON W3 9QF

Ground rental income from 3 flats @ £75 each	£225.00		
Years' purchase (YP) for 9.42 years @ 7%	<u>6.7329</u>	£1,515	
Increased ground rents @ £150 each	£450.00		
YP for 33 years @ 7%	12.7538		
Present value (PV) in 9.42 years @ 7%	<u>0.529</u>	<u>6.747</u>	£3,036
YP for last 33 years @ £300 each	£900.00		
YP for 33 years @ 7%	12.7538		
PV in 42.42 years @ 7%	<u>0.057</u>	<u>0.727</u>	£ 654
			£5,205
Reversion to freehold with vacant possession	£615,000		
PV in 75.42 years @ 5%	<u>0.02523</u>		£15,516
<u>Total value of existing freehold interest</u>			£20,721
Landlord's proposed interest	£615,000		
PV after 165 years @ 5%	<u>0.000319</u>		£ 196
<u>Diminution in value of freehold</u>			£20,525
Marriage value:			
Lessees' proposed interests	£615,000		
Lessor's proposed interest	<u>196</u>	£615,196	
Lessor's present interest	£ 20,721		
Lessees' present interest (94.85% relativity)	<u>£583,328</u>	<u>£604,049</u>	
<u>Marriage value</u>		<u>£11,147@ 50% = £5,574</u>	
Premium payable			£26,099
			say £26,100