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IN THE SOUTHERN LEASEHOLD VALUATION TRIBUNAL

Re: Leasehold Reform, Housing and Urban Development Act 1993 and Commonhold
and Leasehold Reform Act 2002

Case No: CHI/00HN/OCE/2008/0056

RE: Royal Victoria Apartments, 17 Poole Road, Bournemouth

BETWEEN

Royal Victoria Freehold Limited

AND

Lyntek Securities Limited (in liquidation)

Date of Application 17th October 2008

Date of Inspection 3rd August 2009

Date of Hearing 3rd August 2009 & 23rd October 2009

Appearances:

Applicant Mr P Rainey of Counsel,
Mr C Wetherall FRICS

Respondent Mr G Bevans FRICS

Members of the Leasehold Valuation Tribunal:

M J Greenleaves	Lawyer Chairman
P E Smith FRICS	Valuer Member
K M Lyons FRICS	Valuer Member

Date of Tribunal's Decision: 8th January 2010

1. Agreed matters:

- a) The valuation date is 29th May 2008.
- b) On that date the total value of the participators' interests was in the sum of £4,060,500
- c) Unexpired term of lease at the valuation date is 118 years.
- d) Total passing rent is agreed at £2400 per annum.

DECISION

1 / 22

2. The deferment rate applicable is 6.5%
3. The rental yield rate applicable is 6.5%.
4. The 16 Flats are held on leases for a term of 125 years commencing 25th of March 2001, each lease reserving an initial ground rent of £150 per annum, doubling every 25 years, payable annually in advance. The years remaining from the valuation date to expiry of the leases are approximately 93 years.
5. The sum payable by the Applicant to the Respondent in accordance with Section 32 of the Leasehold Reform Housing and Urban Development Act 1993 (the Act) in respect of the collective enfranchisement of Royal Victoria Apartments, 17 Poole Road Bournemouth is £60,925 calculated as set out in the reasons below.
6. Under the Commonhold and Leasehold Reform Act 2002 (the 2002 Act) Schedule 12 Paragraph 10, the Tribunal determines that the Respondent has acted unreasonably in connection with the proceedings and orders the Respondent to pay to the Applicant the sum of £500 towards the costs incurred by the Applicant in connection with these proceedings.

REASONS

Introduction

1. This was an application made under Section 24 of the Act for determination of terms in dispute relating to the enfranchisement of Royal Victoria Apartments 17 Poole Road Bournemouth (the Property) under Section 1 of the Act.
2. By Initial Notice dated 29th May 2008 given by the named participating qualifying tenants (the Tenants) to the Respondent, the Tenants proposed to acquire under the Act.
 - a) the freehold premises at the Property being the Block of 16 Flats shown coloured red on the plan attached to the notice;
 - b) and the external parking spaces, gardens and amenity grounds shown coloured green on the same plan.
3. By Counter-Notice dated 25th July 2008 the Respondent admitted that the Tenants were entitled to exercise, in respect of the block and the parking spaces, the right to collective enfranchisement under the Act but that in respect of other external areas the Respondent proposed to grant permanent rights as specified in paragraph 8 of the counter notice.
4. The issues remaining to be determined by the Tribunal were initially:
 - a) the extent of the Freehold interest to be transferred;

- b) the price payable.
5. The issue as to the extent of the Freehold interest to be transferred was to be the subject of a preliminary hearing on the 3 April, 2009 but was settled between the parties the previous day and the Applicant consequently applied for costs to be paid by the Respondent and the administrator under paragraph 10 of schedule 12 to the Commonhold and Leasehold Reform Act 2002 on the ground that the Respondent had acted unreasonably in connection with the proceedings.
 6. Consequently the issues remaining to be determined by the Tribunal were:
 - a) the price payable for enfranchisement of the property to be transferred and;
 - b) also the question of costs under the 2002 Act.
 7. Since commencement of the proceedings, the Respondent has gone into liquidation.

Inspection

8. The Tribunal inspected the Property on 3rd August 2009 in the presence of the parties/ representatives of the parties.
9. The property is in a residential area in Westbourne, Bournemouth.
10. The property was constructed in the late 19th century as an eye hospital. In about 2002 the property and its grounds had been developed. Part of the grounds had been used to build Mews houses with vehicular access over part of the grounds. The hospital building itself had been converted into 16 Flats having parking spaces demised with each Flat. There are a further 7 spaces available for visitors. The property is constructed of stone with slated pitched roofs. Some of the Flats are accessed by a new enclosed stairway built on to the South West side, the others having access through the original main entrance way. We inspected Flats 12 and 15, Flat 15 having subsequently been converted into one Flat by combining Flat 15 and 16. The Flats appear to have been converted to a good standard although it is understood that there are issues with the roof.

Hearing

11. On 3rd August 2009 and 23rd October 2009 the Tribunal held a hearing.

REASONS AS TO PRICE

12. Evidence and Submissions.

- a) Applicant. Prior to the hearing Counsel for the Applicant had submitted a skeleton opening;

- b) Mr Wetherall FRICS gave evidence for the Applicant and Mr Bevans FRICS for the Respondent on the basis of their respective written reports and subsequent written reports concerning the transaction relating to 6 Beechey Road at the request of the Tribunal. Mr Howard also gave evidence for the Applicant.

13. Applicant's case

14. In his skeleton, Mr Rainey had identified the disputed positions between the parties and these were accepted by Mr Bevans. Mr Wetherall had capitalised the rent at 16.5 times the passing rent on the basis of 6% initial yield which gave him a value for the block of £39,600. He assessed the value of the reversion of the block at nil and also that the amenity land had no further value. His total enfranchisement price was therefore £39,600. Conversely, Mr Bevans capitalised the rent at 6% on each tranche giving a value of £64,586; the reversion on the basis of a 5% deferment rate on the lease value +3% giving a value of £13,280; a further £1500 per flat for the value of the amenity land giving a figure of £24,000, and therefore a total price of £101,866.

- a) Mr Wetherall gave evidence in accordance with his valuation report dated 12 June, 2009. The main points he emphasised in oral evidence were that he attributed no value to the reversion in 118 years time. In his experience of the actual market, it does not take into account any reversionary value in excess of 90/95 years. An investment such as this would sell on the basis only of the present passing rent of £150 per annum per flat; that this was the basis upon which these transactions were analysed by the market. He had considered in particular the evidence from The Heights, 5 Warren Edge Road, Southbourne where the flats are let on leases having about 119 years to reversion, the total passing rent is £2,500 subject to 5 yearly review against the RPI. The freehold interest had sold for £50,000 in July 2008 and analysed at 17 years purchase. He also referred to Dean Park Lodge and Dean Park Grange, 15/15 A Cavendish Road Bournemouth where his client had sold at £63,000 representing 14 times the passing income. He had also considered sales of Freehold ground rents at auction which supported the basis of his valuation of Royal Victoria apartments. He was satisfied that the only factors relevant to the value were the review period and the size of rent; that location was immaterial and that it makes no difference whether the property is new build or a conversion. He emphasised that in the comparable information he had obtained the only reported factor is the multiple of initial income. Under cross-examination he disputed that he had been selective in the comparables he had considered. He had not put any specific parameters into his searches for information on comparables. He disagreed that Land Registry evidence of average values was at all helpful; that the approach taken by Mr Bevans on valuation of tranches of income resulting from rent reviews was not the approach taken in the market because the income in this case is fixed for the next 18 years with no increase in ground rent so that a bid would be based on the existing return.

- b) Mr Wetherall considers the amenity land has no value as for the purposes of the Act the lessees have to be excluded from consideration as purchasers and any 3rd parties would be purchasing subject to the lessees rights, so he could not see any benefit from a purchase. He accepted that the Mews owners might purchase but that they would be unable to use half of the amenity land and they anyway already have the rights of way that they need.
- c) Mr Wetherall's purpose of looking at other evidence was to ensure that his evidence to the Tribunal is correct and he was satisfied that none of the available evidence showed that he was remotely wrong.
- d) In respect of his analysis of the sale of 44 Dean Park Road, Bournemouth he accepted the sale was May 2006 but that he had inadvertently used the ground rents resulting from review in December 2007. He thought this would reduce the value slightly while showing a slightly higher yield than his market led approach, but in any event the transaction gave him guidance that his approach to valuation of the subject property is correct.
- e) Mr Howard, solicitor for the Applicant, gave evidence as to his professional practice and the length of experience in property transactions generally and enfranchisement in particular. He said that a purchaser would be imprudent not to take valuation advice and his practice was always to suggest that clients do so from a qualified valuer. He said that there was only one charge on the Freehold of the property to Mr Liddle. The reason his clients had wanted to go ahead with the purchase on the basis of their original offer prior to obtaining specialist advice was their anxiety about lack of management of the property such that price was almost a secondary consideration.

15. Respondent's case.

- a) Mr Bevans submitted a copy of a file note dated 22 October, 2009 in respect of a telephone conversation that he had had that day with Mr P Norman, the freeholder of 1 Victoria Mews. Similarly the Applicant submitted, in response to the telephone conversation note, a statement signed by 4 of the Mews owners.
- b) The Mews Parties' positions. Mr Bevans' file note showed that Mr Norman said that Mews owners would be interested in buying the freehold of Royal Victoria Apartments; he had replied positively to a price of £1000 per Mews unit and he thought that £2000 per unit was possible. Finally he had said he was certain all would join in if the price was £500 per unit and in any event he himself would be interested in buying in order to protect his own property interests. The statement submitted by Mr Wetherall signed by 4 of the Mews owners indicated they did not wish to pursue or be engaged in activities to purchase land and/or freehold rights to the Mews properties at 17 Poole Road/Clarendon Road.
- c) Mr Bevans submitted in evidence his report dated 1st June 2009. The following points arose in the course of cross examination.

- i) 44 Dean Park Road. He had been asked to advise as to the price to offer but it was not an open market sale as he thought it was only advertised on the Cooper-Deon website and was to some extent a forced sale to realise funds for care of the owner. It was very pre-Sportelli transaction.
- ii) Capitalisation. From the range of 4.75% to 6% he had adopted 6% on the basis of long experience and also by reference to agreed transactions referred to in his report rather than auction results. One needs to ensure comparison of like with like although it is rare to get identical comparables. The rent review cycle would have an effect: the least attractive investment is where there is no rent review.
- iii) Concerning Fairwinds, an LVT case, he believed that LVT decisions were not of weight; in this case there was no rent review.
- iv) Bourne Pines. In respect of the graph showing Agricultural Wages v RPI, he agreed the plot showing agricultural wages per hour but he could not comment on the plot showing their increase by RPI. This was not the same sort of rent review pattern that he would take into account; that rent review frequency is a factor. In this case the ten-year rent review pattern was more attractive than that applying to Royal Victoria. He accepted that over time, wages will outstrip RPI.
- v) Grosvenor House. This was settled without LVT decision. It analysed at 6.4%, all valuation matters being included in it. He was not sure if the ground rent was fixed.
- vi) He takes all the cases into account along with his other experience, even if they are not strictly comparable. He has no firm evidence to support his starting point of 6.5%; in other negotiations his starting point is 6.5%. He had seen cases of stepped ground rents on several occasions but could not say if it was a higher proportion as against other forms of review.
- vii) Concerning auction sales, Auctioneers referred to the years purchase as a rough tool of analysis. One should be able to assume all valuation aspects of within the price but he is aware that purchasers do not always take everything into account, some bid blind. Auction sales are unreliable because we do not know the full circumstances. There is a difference between real world transactions and "no Act world" transactions because in the former there is a risk of enfranchisement. He also takes into account the cost of purchase and the possible costs of immediate enfranchisement and probably a requirement for a professional report as well. He considered that the no Act world may be increasing values. It is correct to value separate tranches of ground rent as he did in the Dean Park Road case. In the Nell Gwynn case, separate tranches had been valued.

- viii) The Heights. He did not know if the case was comparable as it was a real world case with the risk of enfranchisement which he could not see that Mr Wetherall had taken into account.
- ix) He accepted that the rates in the cases of Victoria Mews, East Street, Siflingbourne and Surrey Street, Norwich are on the initial yield.
- x) He did not take into account auction prices in Poole in September 2008; he considered that Mr Wetherall was being selective.
- xi) He does not use the database used by Mr Wetherall in appendix D of his report; he did not consider that C147 was comparable. He said that all those transactions are real world and therefore not comparable.
- xii) In respect of Allsops sales referred to in his own report it was put to him that the only relevant cases were those in Slough and Crawley. While those were most comparable, he said that one should not exclude any of them from consideration: they are all evidence. However, they are all real-world cases.
- xiii) It was put to him in the Sherwood Hall case that the Lands Tribunal would differentiate levels of risk premium that would apply to a long reversion, and the longer the reversion the higher the risk premium. He asked himself if it was a value which would be paid. In the Sherwood Hall case the value was £4 million which he considered the purchaser would take into account.
- xiv) The Heights case was against the background of the Act and he did not know what would not be reflected in the price, so there would be no additional risk premium.
- xv) In relation to the value of the amenity land, Mr Bevans had not identified any development value; he accepted that the value of flats included the value of the right to use the amenity land and parking spaces; that if lessees were legally excluded from purchase of the amenity land, someone might purchase for the benefit of management fees and future sales. Apart from Mews owners there may be others who might want to purchase.
- xvi) In relation to the Statutory Declaration of Mr Smith dated 28th May 2009, an uplift of 50% was justified to adjust a price from the real world to the no Act world, although not necessarily 50%. Because in the real world there is a real risk of enfranchisement purchase costs, valuation fees etc would be taken into account by a prospective purchaser and there would shortly after be a risk of enfranchisement incurring costs perhaps up to £25,000, with a profit element in addition. He would advise a client on that basis.
- xvii) He had no knowledge of the Beechey Road case but noted the price paid in April 2008 of £20,000 and from the lease and the initial ground rent of £200 rising by a further £200 every 33 years. There are 5 flats. He agreed 20 years purchase.

16. Final submissions.

a) Mr Bevans.

- i) He placed little weight on Dean Park Road, Dean Park Lodge and Dean Park Grange cases because they were not under the 1993 Act and did not take into account the possibility of subsequent enfranchisement. As regards The Heights, Mr Wetherall analysed this to 17 years purchase, he does not refer to yield or deferment and there is no adjustment for the real world. He did not place much if any weight on the auction sales. Mr Wetherall had no personal knowledge about them and had failed to refer to auctions of local properties such as those which he, Mr Bevans, had referred to in his report.
- ii) In Nell Gwynn a rate of 6.5% had been agreed, it was for a remaining 119 years and each tranche had been capitalised thus supporting his methodology.
- iii) Mr Wetherall had agreed his analysis of Dean Park Road was incorrect; he also referred to his advice letter of 15th April 2005. The transaction analysed at 6.4%.
- iv) His starting point for fixed ground rents is 6.5% in the no Act world; he reiterated that sales in the real world were conducted with the threat of subsequent enfranchisement.
- v) The only evidence of yields and capitalisation rate was his in this case and he had adopted 6% for yield and reversion. While his evidence was supported by the Nell Gwynn case, at paragraph 27, Mr Wetherall had produced no evidence on the point.
- vi) The King and Queen Wharf case replicates the present issues, having 106 years unexpired; the LVT did not accept the evidence as to auction sales and in the absence of persuasive evidence considered it could not depart from the generic 5% deferment rate.
- vii) In the present case the reversionary value had been agreed at more than £4 million and is offended common sense to suggest it has no present value; nor is there any evidence to depart from 5% deferment rate.
- viii) Amenity land value. There must be hope value for tenants' ability to purchase at a later date and the Mews owners must not be ignored.
- ix) Mr Smith's evidence supports a valuation of £101,000.

b) Mr Rainey.

- i) Sherwood Hall.

- (1) This is an Upper Tribunal (Lands Chamber) case which is of guidance on valuation but one needs to read the whole decision. As a point of principle it is open to a party to argue for a non-Sportelli rate or for no rate at all.
- (2) The case relates to a 4 blocks of flats totalling 36 flats, garages and gardens, some flats having 87.6 years unexpired and one flat 177.6 years unexpired (no reversionary value was attached to that flat), evidence that reversions over 100 years have no value; reference to Sportelli and that a party can call evidence to seek to demonstrate a different deferment rate is appropriate in the case of long dated reversions such as the case we are concerned with. He suggested that the Nell Gwynn and King and Queen wharf cases may not be relevant. He noted at paragraph 45 of the Sherwood Hall decision it was stated that "increases are particularly marked where the unexpired terms of the existing leases are very long, because of the effects of compound interest on the calculation". At paragraph 47 the tribunal stated "I can place no reliance on his assertion that a higher deferment rate should be applied to 88 year reversions and to those with shorter unexpired terms. The appeal on this point must therefore fail."
- ii) *Nicholson v Goff*. A Lands Tribunal Decision in 2007. There is no justification for adopting a capitalisation rate simply because that same rate is taken for deferment.
- iii) *John Lyon v Brett*. Lands Tribunal 1998 and the Leasehold Enfranchisement Act 1967. The Tribunal was not persuaded that in the view of an investor purchaser a wide variety of house types resulted in lesser growth potential on the value of the subject property than others; that there was no reason to think that a purchaser of the freehold interest in the subject property at the valuation date would have adopted a yield rate in excess of 6%.
- iv) *Sportelli* -- Lands Tribunal at Paragraph 97: there is no justification for a deduction to reflect the cost of purchase as opposed to sale; the requirement is to arrive at the price to be paid, not that price less deductions for the cost of sale.
- v) *Sportelli-House of Lords*. In relation to community land value all flat tenants are excluded from market for all time. This present tribunal would have to consider whether Mews owners were excluded by the Act as potential purchasers.
- vi) Mr Wetherall puts no value on the reversion, his value is derived from market evidence, he has compared like with like and his analysis demonstrates there is no room for a reversionary value; there is no difference between the reversionary value and a risk premium. Costs are within the price; that this is a longer version and there are limitations on the value of auction evidence. If

one capitalised functions of ground rent it would result in a higher years purchase all lower initial yield.

- vii) Mr Bevans' comparables are not comparable; if his starting point of 6.5% is right, why have the starting point?
- viii) There is no evidence as to deferment rate; Mr Wetherall had looked at capitalisation rate evidence to see if there is room for deferment value.
- ix) Even if the Mews owners are excluded house purchasers for the purposes of the Act, they cannot be ignored. However the quality of the evidence as to their interest in a purchase should not be relied upon: it is of no serious weight and 4 of them said they were not interested.
- x) As Mr Smith did not purchase, his evidence is of no value; Mr Bevans is unable to give evidence on the proposed price of £70,000 mentioned by Mr Smith and relies on various adjustments.

Mr Wetherall and Mr Bevans, the respective valuers, adopted different approaches in valuing the subject property.

Mr Wetherall contended that in regard to the valuation of a reversionary interest where the lease had in excess of 90 – 95 years unexpired, in practice the market disregards any value of the reversion and that the value of the interest is achieved by multiplying the ground rent passing by an appropriate Years Purchase. He also proposed that where the lease provides for rent reviews these should be ignored for the purpose of the valuation calculation unless the review is imminent. Mr Rainey in his summing up proposed therefore that provided the valuer knew the rent passing and could assess the appropriate Years Purchase figure he could calculate the capital value of any property having a term unexpired of more than 90 to 95 years unexpired and that in this case there were no other relevant factors affecting the value of the interest to be taken into account.

Mr Bevans did not accept the contention that the reversion had no value where the lease had in excess of 90 to 95 years unexpired. His valuation method valued the income in tranches on the basis of the rent review provisions in the lease. He calculated the value of the reversion.

Mr Bevans contended that there is no need to adjust the yields produced on open market sales to take account of the need to exclude the bid of a Special Purchaser. He maintained that a prudent purchaser of a reversionary interest would be aware of the ability of lessees to enfranchise the interest being purchased and that the price they would pay would exclude the Special Purchaser's bid. The yields for the open market sales would in his opinion reflect a margin to enable the purchaser to recover his expenditure and costs in the subsequent event of a lessee's enfranchisement.

Consideration

In considering the alternative approaches we took account of the criteria used by a "Purchaser" in the "Open Market" in assessing the price to be paid.

A "freehold Reversionary" interest where the lease has in excess of 80 years unexpired (Marriage Value being thereby excluded) involves the purchase of property, albeit that possession of that property is not obtained until the expiration of the lease period, the right in the meantime to the receipt of the income and the requirement to become involved in the responsibilities of the covenants of the respective parties to the lease.

We consider that the price to be paid in the open market may, according to the circumstances of the case, depend on all or any of the following:

The condition of the property. If the property is in poor condition the purchaser may, for example, anticipate being involved in the need to put the property into satisfactory condition in order to comply with the landlord's lease covenants – even using experts to carry out this work will still involve the purchaser in some work and therefore cost;

the ability of the landlord to recover the full cost or otherwise of carrying out the landlord's covenants in the lease;

possible development potential;

the capital value of the property and the potential redevelopment value of the property at reversion;

the rent passing and the rent review pattern, if any;

the remaining length of the lease.

It was agreed by Mr Colin Wetherall (CW) and by Mr Geoffrey Bevans (GB) that the 3 elements to be valued are:

c) The capitalisation of the rental income;

d) The value of the Reversion;

e) The value of the Amenity Land.

17. The capitalisation of the rental income.

a) Mr Wetherall (CW) adopts a rate of 6% in his valuation as follows:

Current rent passing	£2,400
Years purchase for 118 years at 6%	16.50
Value	£39,600

b) Mr Bevans (GB) adopts a rate of 6%, valuing the income in tranches to give a value of £64,586.

Whilst both therefore use the same yield the resultant capital figure of GB (£64,585) is substantially higher than the capital figure of CW (£39,600) because they are applying the 6% yield to different rental figures.

CW proposes that to calculate the capitalised value it is only necessary to know the "Current Rent Passing" as in his view this is how the "Market" analyses the transaction, subject to his caveat that this would be adjusted if there was an imminent rent review due at the time of the valuation and he therefore uses the rent of £2,400 throughout the period of 118 years.

GB analyses the rent in tranches which range between the passing rent of £2,400 and £38,400 for the last 25 years of the term.

We accept that the "Market" reports the results of sales of reversionary interests by analysing the relationship of "passing rent" to "sale price" but we believe that this is for "convenience" as each transaction would otherwise have to be analysed in full taking into account such matters as lease terms, rent review pattern, development value, etc. We found that whilst the information produced by the "Market" in terms of analysing "price" relative to "passing rent" is helpful in producing parameters for the range of yields it is necessary to carry out a more in depth analysis of the other factors relative to a subject property including capitalising the tranches of rental income where appropriate. So we did not accept CW's evidence on this aspect and found GB's approach of valuing the rental income in tranches to reflect market practice.

In presenting their evidence to the Tribunal both CW and GB used the "Markets" reporting method and we have tabulated this information in the Schedule.

It will be seen that this produces a range of yields between 0.4% and 8.4%. We noted that during the hearing, criticism, particularly by CW of GB's evidence, was made in regard to the inclusion of properties containing only a small number of flats which it was suggested did not relate to the subject property but nevertheless the information was put before us as evidence and is the result of market transactions.

We did not have the benefit for the most part of being given an analysis of the rental income analysed in tranches to identify the resultant yield. That is to say for example taking GB's valuation of the subject property of £64,586 this would have been reported as a yield of 3.71% based on passing rent i.e.

Passing rent	£2400
YP at 3.71%	26.91
	£64,586

It will be seen that the common factor in the two approaches is "price" – in this illustration - £64,586 and that analysing in tranches at 6% fixes the yield on "passing rent at 3.71% and vice versa.

Taking those properties in the schedule attached, where the lease provides for a doubling of the rent at intervals of 25 or 30 years produces a range of 2.2% (Hereford Court) to 7% (The Island Site).

In regard to Nell Gwynn House the yield for those flats on leases having 119.66 years unexpired on passing rent of £20,450 on the valuation of £462,896 is 4.4%. (The yield based on tranches of rent is 6.5%).

There are a number of anomalies in the schedule, for example:

- c) Elizabeth Court having 10 flats with a rent of £500 on a 999 year lease without review produces 4.76% whilst the yield on Stone Bridge Court is 8.4% where the rent passing is £4,800 rising by the same amount every 25 years and the sale price is £57,000.
- d) Aviemore, 44 Dean Park Road Bournemouth. Block of 9 flats at initial ground rent of £180pa totalling £1,620. The ground rent is reviewed at 21 year intervals to 1.5% of market value assuming a ground rent of £1 pa. The sale analysis uses a yield of 7.45% based on tranches of income. We understand the value at the review date to be £1,185,000 and £1,230,000 – giving an average of £120,750 equating to a rent of £18,112 pa. This would equate to a yield of 7.25%. Due to the unknown variables in the future market values on which the rent is to be based, no further analysis was carried out. Referring to the information given to us by Mr Rainey regarding the hierarchy of review provisions it was proposed that the range in ascending order of value were between a ground rent fixed throughout the term and a review pattern which creates a ground rent which outstrips inflation. It was suggested that based on Sportelli it is assumed property values increase at 2% pa.

In regard to 6 Beechey Road we noted that CW, in Analysis 1, valued the income in tranches at 6.6% and the reversion in the sum of £1,661 at 6.6%. The yield on rent passing is 5% based on the income of £1,000 and a sale price of £20,000. Taking the above into account we conclude that we are correct in valuing the income of the subject property in tranches whilst having regard to the range of yields produced by analysing yields from the relationship of sale price/valuation to passing rent.

18. The value of the reversion.

Limited evidence was produced by either valuer in regard to the value of reversions from their analysis of sale prices/valuation.

We were referred to the decision in Nell Gwynn House (Ref LON/OOAW/OCE/2008/0086)

The flats comprised within Nell Gwynn House were held under two leases, one lease having 91.68 years unexpired at the valuation date and the other lease having 119.68 years unexpired at the valuation date. We note that the issue relating to the deferment rate for calculating the deferred value of the reversion had considerable impact on the valuation. The nominee purchaser contended for 7% p.a. for those leases with 91.68 years unexpired at the valuation date and no reversionary value for those leases with 119.68 years unexpired at the valuation date. The Reversioner contended for 5% p.a.

In his evidence, Mr Maunder Taylor quoted a sentence from the decision of the Lands Tribunal (HH Judge Rich QC & Mr P H Clarke FRICS) in *Arbib v Earl Cadogan* [2005] 3 EGLR 139 (at para. 169): "Although it is of less importance in such cases [with unexpired terms of just under 20 years or just over 80 years], we think that there

may be reason to increase the deferment rate also where there is more than 80 years unexpired, because of the reduced expectation of realising an early profit."

The Tribunal proceeded to weigh the evidence of the respective valuers and commented that in regard to Mr Shapiro's evidence this involved an apparently irrefutable presumption that the guideline rate (of 5%) was correct and then mathematical calculations from that starting point in which he envisaged an abrupt 'cut off' at 80 years, which nobody else had accepted, at which one day the rate would be 5% and the next 7%, with a leap in value which, he asserted, defied logic. The Tribunal went on to say:

He did not seem able or willing to accept the possibility of a graduation in small steps from 5% to 7%. Nor did he appreciate the possibility that the market evidence adduced in support of a higher deferment rate might indicate that the guideline rate was not satisfactorily established, which might not be surprising since it was not derived from such evidence.....

The Tribunal was concerned to consider the expert opinions and valuation evidence presented to it judicially. The easy course would have been to pay duty deferential regard to the Lands Tribunal's guide line deferment rate of 5% for flats, even though on an entirely non-market evidential basis, and to disregard inconsistent submissions and incompatible evidence as necessarily unsound in methodology and conclusion. However the Tribunal found this difficult to reconcile with its own expertise, evidence and commonsense.

In their valuation the Tribunal adopted a rate of 6.5% as being applicable to the leases having an unexpired term of 91.68 years and did not adduce a value for the reversionary interest in the leases having 119.68 years unexpired.

The Tribunal did, however, ascribe deferment rates both to the tranches of income produced by the rent reviews in the leases having 91.68 years and 119.68 years and adopted a capitalisation rate of 6.5% for this purpose.

CW submitted that for leases having in excess of 90 to 95 years unexpired the reversion had no value. He did not produce evidence to support this contention.

GB ascribed a value of £13,280 to the reversion based on a capital sum of £4,202,618 at a rate of 5%.

We make the following points in regard to the data used on Royal Victoria Apartments by the two valuers.

The Statement of agreed facts identifies the present rent as £2,400 and we used that* agreed figure.

We understand that Mr Wetherall suggests that the method used by the market is that rates of return are calculated by dividing the rental income by the price paid. We consider that it is necessary, in addition, to carry out a more inquisitive analysis of the factors relative to the subject property.

After the hearing, at our request, further written representation relating to 6 Beechey Road were received from both parties. The property comprises a large detached property in an established residential area within easy access to Bournemouth Town

Centre. The property has been converted into 5 self-contained flats, each flat having an allocated parking space. Information in the form of a Statutory Declaration made by Mr. Anthony John Smith, dated 28th May 2009, relating to the property had been included in the bundle, but there was insufficient information relating to the total ground rents receivable to enable us to analyse the yield relative to the sale price. In the Declaration, Mr Smith, who described himself as an experienced property owner, stated that he had become aware that the lessees of Royal Victoria Mews had agreed to buy the freehold of that property for £51,000 and that he subsequently made an offer of £70,000. When the lessees increased their offer to £70,000 he did not proceed any further. The final item in the Declaration states that Mr Smith subsequently purchased 6 Beechey Road. In the Applicant's Further Written Representations it is stated that the date of the purchase was 25th April 2008. It is noted that this is very close to the valuation date for the subject property of 29th May 2008. It is also confirmed that first the annual ground rents of all flats is £200 rising on the 33rd and 66th anniversaries to £400 and £600 respectively and secondly that it is assumed that no part of the £20,000 purchase price was attributable to the curtilage. Item 8 of the Representations states that the Initial Years Purchase of 20 on the recorded price of £20,000 is substantially at variance with an offer of £70,000 for the freehold of the subject property (referred to in paragraph 7 of Mr Smith's statutory declaration). It is stated that the variance is more marked due to the fact that at the valuation date the unexpired lease terms at 6 Beechey Road were 93.6 years for Flats 2 to 5 and 93.9 for Flat 1 compared with 118 years at Royal Victoria where the reversion is far more distant. We noted, however, that the Statutory Declaration of Mr Smith clearly refers to Royal Victoria Mews and not to Royal Victoria Apartments which is the subject property.

We decided that if the data relating to "Royal Victoria" refers to Royal Victoria Mews then it is not relevant. If the data relates to Royal Victoria Apartments it does not help because it is not an actual transaction. We have therefore not taken into account the subsequent calculations.

The reversion has been considered along with the yield appropriate to the long reversion date. Consideration had been given to the evidence and representations of both parties and while the reversion is deferred for a long period we could not accept that it does not have a value and is not a consideration in the mind of the hypothetical purchaser. We further considered the appropriate yield in the light of the Cadogan v Sportelli decision relied upon by the respondents valuer, and the more recent Kelton Court case LRA 797/2009. A deferment rate of 6.5% was considered appropriate given the very long deferment period.

19. Amenity land

- a) We consider that the ownership of the amenity land gives a degree of control over its use which has a value to the owners of the Mews houses to protect the capital values of their properties.
- b) We had to determine whether those owners were to be considered as possible purchasers on the open market under 1993 Act, Schedule 6 paragraph 3. The

paragraph provides for valuation on the basis of being sold on the open market by a willing seller with no person falling within the sub-paragraph 1A on buying or seeking to buy. A person falls within that sub-paragraph 1A if he is the nominee purchaser, or the tenant of premises contained in the specified premises, or an owner of an interest which the nominee purchaser is to acquire in pursuance of section 1 (2) (a).

- c) In relation to the Mews owners they only have an interest in that part of the amenity land over which they have a right of way. The only interest in that land is the right of way and not the land itself. It is not the right of way being sold but the land over which the right-of-way exists. Therefore the Mews owners do not own an interest which the nominee purchaser is to acquire under section 1 (2) (a). Accordingly they are potential purchasers on the open market.

In regard to the value of the land evidence was produced by both valuers based on conversations with lessees of both the Mews and the Apartments. The suggested values ranged between £2,000 and £16,000. We consider that a realistic amount would be £250 per Mews house lessee giving a value of £2000.

20. Value of Freehold interest in Royal Victoria Apartment

A further Analysis was received from Mr Bevans which analysed the data in 3 different ways. We did not consider that the further information assisted us in our determination.

In regard to the leases of both 6 Beechey Road and Royal Victoria Apartments we consider that the covenants do not place any undue burden on the Landlord so as to affect the basis of the valuation set out above and knew of no other factors that would affect their valuation.

The "no Act world" has been considered with the risk of enfranchisement on comparable transactions and we found there is no proven significant differential from the no Act world to the actual market, given the costs of enfranchisement are limited and the freehold value in compensation is obtainable upon enfranchisement.

In determining a rate of 6.5% we had regard to:

The rate of 6% used by CW was on rent passing. Valuing the capital amount of £39,600.00 on the basis of the tranches of rent gives a yield of approximately 8%. We determined that CW method of valuing on rent passing was inappropriate.

As noted above CW in his analysis 1 for 6 Beechey Road adopted a rate of 6.6% on the tranches of rent and the reversion.

GB used a rate of 6% on the tranches of rent and 5% on the reversion. We considered it appropriate to adopt the reasoning in the Nell Gwynn case not to apply 5% on the reversion.

From our analysis of the evidence set out in the schedule including the analysis of 44 Dean Park Road we considered that the rate lies in the range between 6% and 7% and we have adopted the median figure of 6.5%.

Costs of any disposal are built into the yield rates adopted.

Accordingly we made our determination as follows:

Valuation

Rent received		£2,400
YP for 17.83 years @ 6.5%		<u>10,3777</u>
£24,906		
Reversion to		£4,800
YP for 25 years @ 6.5%	12.1979	
PV of £1 in 17.83 years	<u>0.3254381</u>	<u>3,9696614</u>
£19,054		
Reversion to		£9,600
YP for 25 years @ 6.5%	12.1979	
PV of £1 in 42.83 years	<u>0.0674156</u>	<u>0.8223287</u>
£7,894		
Reversion to		£19,200
YP for 25 years @ 6.5%	12.1979	
PV of £1 in 67.83 years	<u>0.0141293</u>	<u>0.1723477</u>
£3,309		
Reversion to		£38,400
YP for 25 years @ 6.5%	12.1979	
PV of £1 in 92.83 years	<u>0.0028973</u>	<u>0.035340</u>
£1,357		

Value of Reversion

Reversion to £4,060,500 deferred 118 years @ 6.5% 0.0005925
 £2,405

Value of amenity land
£2,000

Total
£60,925

REASONS AS TO COSTS

The Tribunal had already received written representations on behalf of the parties as to the costs issue and no further submissions were made at the hearing save that Mr Rainey for the Applicant submitted that that application that was not affected by reason of a Respondent being considered by the Tribunal to have subsequently conducted itself reasonably.

Note. Where correspondence is referred to below, it is between the parties' solicitors, Coles Miller (CM) acting for the Applicant and Lester Aldridge (LA) acting for the Respondent.

History.

At all material times the Respondent has been in Administration.

Initial Notice 29th May 2008

Counter-notice 25th July 2008.

Issues arising from these notices were the price to be paid and that the Respondent, instead of transferring the common external areas (community land) sought by the Applicant, wished instead to retain that land and grant permanent rights over it under Section 1(4)(a) of the Act

CM wrote to LA contending by their letter dated 19th August 2008 that the permanent rights proposed by the Respondent in the draft Transfer annexed to the Counter-Notice did not comply with Section 1(4)(a) of the Act in that the proposed permanent rights were not "as nearly as may be the same rights as those enjoyed in relation to that property under the terms of his lease". The Applicant argued its case in considerable detail in that letter to the effect that as the rights offered did not so comply, the Respondent should therefore transfer the community land to the Applicant. In that same letter, the Applicant informed the Respondent of their intention to file the Tribunal proceedings on 29th September.

LA replied to CM by letter dated 16th September 2008, again in considerable detail. Their points may be summarised:

That they had proposed to grant rights complying with Section 1(4)(a) of the Act.

That the counter-notice proposals can subsequently be the subject of negotiation and the grant of permanent rights only had to be satisfied at the date of transfer, amended if necessary to comply with Section 1(4)(a).

The Respondent has the choice to retain the community land and grant permanent rights.

The Respondent needed to retain the community land because adjoining mews houses had rights over the community land and the Respondent needed to continue to perform its obligations in respect of those.

The Tribunal may have a discretion about the Respondent retaining the community land and that discretion must be exercised in favour of the Respondent.

They invited the Applicant to accept the Respondent can retain the community land.

That valuation of the specified premises could continue to be negotiated.

The Tribunal application was made by CM on 17th October and directions given on 20th October which became substantive on 31st October. Inter alia, they required skeleton arguments (as to the extent of the land to be acquired or permanent rights) to be exchanged by 14th November and the hearing was fixed for 5th December.

18th November. LA wrote CM at length essentially complaining that the Applicant ~~wanted the matter determined by the Tribunal which would run up costs. They were still willing to negotiate.~~

21st November. LA applied to the Tribunal for a single hearing to determine all issues.

24th November (the next working day). LA submitted the Tribunal had no jurisdiction because the proceedings (including the service of the Initial Notice) did not have the consent of the Administrator or the Court; so the application must be dismissed. That was followed by a further letter dated 25th November from LA to CM giving detailed reasons.

24th November CM advised Tribunal skeleton argument is ready for exchange

25th November. CM had asked LA for the Administrator's consent.

26th November. LA wrote to CM setting out detailed reasons concerning the need for consent to the proceedings.

26th November LA to Tribunal. Administrator confirms no court order obtained. Tribunal has no authority and advised that the preparation of skeleton arguments will incur the Administrator in costs of £6000 to £10000 which is against the Administrator's duties. Says that if the Tribunal will not dismiss they must stay the application.

26th November The Tribunal wrote to LA/CM giving directions

27th November CM wrote to LA that they reject the reasons set forth by LA and advise that if the Administrator does not give consent CM will apply to Bournemouth County Court for a court order for consent. CM proposes if the application has to be made to BCC that the Tribunal hearing fixed for 05/12/08 be adjourned.

28th November. LA had written the Administrator to consider the question of consent. "The Administrator will need some time to consider that application...". They requested an adjournment of the Tribunal hearing on 5th December.

28th November. The Tribunal Chairman granted the adjournment. Stating its reasons, the Chairman however did so:

To avoid the possible costs implication of any appeal against refusal to adjourn;

While expressing considerable doubts as to the validity of the reasons given.

16th January 2009. The date fixed for hearing of the Court application for consent. On the previous day, we are told, the Respondent opened negotiations for settlement of that application, they were concluded the following day prior to hearing when the Court's consent to the Tribunal proceedings was made by consent of the Respondent who (as well as the Administrator) was ordered to pay £5,500 + VAT towards the Applicant's costs of those proceedings.

20th January. CM referred the matter back to the Tribunal which, on 26th January, made further directions inter alia requiring skeleton arguments on the preliminary issue by 13th February envisaging a hearing date soon after 9th March. It was fixed for 3rd April.

26th January. Tribunal issued further directions

30th January. LA propose to CM to settle the proceedings on the basis of the Initial Notice, price to be agreed, payment of Respondent's legal costs of £5,500 + VAT and valuation fees of £1,700 + VAT, the offer being open until 4pm 4th February.

20th March. LA requested, and obtained, a direction that the Applicant, in effect, clarify what terms of Transfer would be acceptable. Their Counsel had not yet prepared a skeleton argument.

24th March CM requested Tribunal to refuse request

CM considered that requirement unnecessary, but nevertheless provided an amended draft transfer with their letter of 30th March.

The Applicant's detailed skeleton is dated 21st November. CM say that skeletons were exchanged on 27th March. On 2nd April, LA informed the Tribunal the case had been settled and CM confirmed that the Respondent had now agreed to transfer the community land as well. The Applicant applied for costs. Both parties made written submissions to the Tribunal on 2nd April as to the costs issue.

CM's submissions on costs broadly recount the history set out above but add: They had already briefed Counsel by the time of settlement.

"The Respondent's conduct shows a willingness to use bluff and brinkmanship to the extreme to cause the Applicant to run up a significant bill of costs... The Respondent has taken points in relation to jurisdiction and the extent of the freehold interest to be acquired which it must have been advised it could not win, which is an abuse of process and amounts to frivolous, disruptive and unreasonable conduct in the proceedings".

They also ask for the costs order to be against the administrator also.

LA's submissions are that the Respondent has not acted unreasonably, but that the Applicant has done so. They say that the decision not to proceed to hearing is only on the basis of economic viability. They enclosed a further skeleton and also submit that their offer of 30th January, and several privileged offers, demonstrate the Respondent has made every effort to try to resolve the matter.

Consideration.

We considered the correspondence and the history of the matter as above as it found it to be as well as the submissions received on the costs issue.

We found:

While LA had justified in detail their position on 16th September as to reasons for not transferring the community land, they have withdrawn from that position at the latest possible stage;

LA's challenge to the Tribunal's jurisdiction on 24th November was not until over 5 weeks after the proceedings had been commenced (and indeed 2 months after CM's initial notification of intention to file them on 29th September.)

The administrator refused consent to the Tribunal proceedings until the last moment on 16th January 2009 and the Court ordered both the Respondent and the administrator to pay significant costs to the Applicant. The Tribunal has to assume that that represents a view of the Court about the failure of the Respondent/administrator to give consent when there was little or no merit in doing otherwise.

The Respondent failed to provide skeleton arguments by dates as ordered throughout the case and, when produced, effectively referred back to their position stated in September, about 6 months earlier.

We concur with the views expressed by the Chairman in granting the adjournment of the 5th December hearing

The offer of 30th January, which was open for just 3 working days, was a wholly incomplete package inasmuch as it left open the question of valuation: it was only an "agreement to agree". Further it proposed the Respondent's costs of £5,500 + VAT. Not only does this happen to be the amount of costs awarded against the Respondent and administrator by the court, but in the Tribunal's experience is substantially higher than a Tribunal would be likely to award for statutory costs. (This must not be taken to fetter any decision that another Tribunal might make in the event of statutory costs being referred to the Tribunal for assessment in this case).

Only when the Respondent had received the Applicant's skeleton, did the Respondent capitulate on its entrenched and firmly held position.

There was no cogent reason either for the Respondent wanting to retain the freehold of the community land or, if it really did want to why it needed to go to the extent of offering what, in our view, were the unnecessarily restricted rights in the draft Transfer.

On 18th November, the Respondent had made an issue about saving costs. Our overall view from the above findings is that the Respondent has instead failed to comply with directions; made an application which delayed the proceedings; caused delay and cost in relation to consent to the proceedings; failed to make any reasonable offer to settle and only settled at the last possible moment. In so doing it has acted obstructively and caused the Applicant to incur substantial costs needlessly, quite apart from its own costs reducing funds available to creditors. We found in so doing the Respondent had acted unreasonably in relation to the proceedings and ordered the Respondent to pay the costs specified in the Decision.

In respect of the Applicant's application that the order should also be made against the administrator, we decided we did not have power to do so as it is only a "party" to the proceedings against whom an order can be made within the terms of Section 1(4)(a) of the Act. We found the party to be the Respondent and not the administrator.

We made our decisions on all aspects of the matter accordingly.

Signed

M J Greenleaves
Chairman
A member of the
Southern Leasehold Valuation Tribunal
appointed by the Lord Chancellor

The Schedule
(see attached)

SCHEDULE

	Address	No. of Flats	Current Rent	Sale Price Valuation	Yield on current rent	Rent Review Pattern	Sale / Valuation	Notes
CW	Dean Park Lodge 15 Cavendish Road	11	3,300	56,000	5.9	Doubling every 25	Valuation	Value down at £56,000
CW	Dean Park Grange 15A Cavendish Road	4	1,200	19,500	6.2	Doubling every 25 years	Valuation	Actual Price £19,440
CW	The Heights 5 Warren Edge Road	10	2,500	50,000	5	Every 5 years - RPI Index	Sale	Review September 2008 to £2,950 per annum equates to 5.9%
CW	Trinity Wharf 52-58 High Street	68	5,100	71,000	7.1	None listed	Sale	250 year lease
CW	Basford Mill 15 Egypt Road	20	6,389	85,000	7.5	11 units to house price index every 10 years initially thereafter 5 years	Sale	9 units. No rent review
CW	Victoria Mews East Street Sittingbourne	14	2,800	44,000	6.3	Doubling every 25 years	Sale	
CW	345-457 Hackney Road Hackney	30	7,500	126,000	5.9	No info	Sale	
CW	Stone Bridge Court Farnley Crescent Farnley	24	4,800	57,000	8.4	Rises by same amount every 25 years	Sale	
CW	The Island Site Brentford Lock Brentford	173	38,600	550,000	7	Rent doubles every 25 years	Sale	999 years

SCHEDULE

CW	29-35 Surrey Street Norwich	25	6,257	80,000	7.8	Rises by initial amount every 25 years	Sale
CW	Oakview Apartments 12 Pine Hill Road Sutton, Surrey	23	3,475	84,000	4.1	No info	Sale
CW	Prime Zone Mews 16-17 Harringate Park	28	7,425	116,000	6.4	Increases by same amount at first review. Every 25 years	Sale
CW	Radford Court Bradford Road Nottingham	22	2,200	44,000	5	Rises - amounts not known	Sale
CW	Tillia Court Berther Road Hornchurch	19	4,750	85,000	5.5	Rises by initial amount every 25 years	Sale
CW	175-201A Carlton Avenue West Cliff on Sea	29	5,800	10,600	5.5	Rising - details not known	Sale
CW	Queens Court Apartments 59 Upper Bond Street Hinckley	14	2,800	39,600	7	Every 25 years by RPI	Sale
CW	5 Kingsland Passage London	13	3,250	50,000	6.5	Rises - amount not known	Sale
CW	192 Balls Pond Road	12	2,400	38,400	6.25	Rises - amount not known	Sale
CW	41 Kay Road Clapham	2	500	10,000	5	Rises - amount not known	Sale

SCHEDULE

CW	Highfields Court Westoning	4	1,000	19,500	5.1	Rises £250.00 every 25 years	Sale	
CW	Beehive Lane Chelmsford	4	900	16,000	5.6	Doubles every 25 years	Sale	
CW	Bowsher Court Ware Hertfordshire	76	12,350	200,000	6.1	Rises - amounts not known	Sale	125 year lease. 23 units at peppercorn
LT	Nell Gwynn House	129	20,450	462,096	4.40	Doubles every 25 years	Valuation	Capitalisation rate 6.5%
GB	3, 4, 11 Cavendish Court	3			6	Every 21 years to 1% of open market value		Not confirmed as being on rent passing
GB	Fairwinds				6.50	No review	LT Valuation	Apr-04
GB	Bourne Pines				5.50	Every 10 years by agricultural wage index	By agreement	Not confirmed as being on rent passing
GB	Grosvenor House				6.40	Fixed ground rent 77 years unexpired	By agreement	May-08
GB	Elizabeth Court Elizabeth Road Harwich	10	500	10,500 +500 Buyers Premium(BP)	4.76	Appears to be no rent review	Sale	999 years
GB	Lions Yard Ospringe Street Kent	12	500	19,000 +500 BP	3.16	Doubling at 33 year intervals	Sale	
GB	Lundy Court Bower Way Cippenham	16	1,600	39,500	4.00	Fixed uplifts at 25 year intervals	Sale	
GB	Hereford Court	8	520	23,500 +500	2.2	Doubling every 30	Sale	

SCHEDULE

Hereford Road Hampshire				BP		years	
GB	96-98 Orchard Avenue Gloucester	2	260	3,500 +500 BP	7.4	Rising by £200 every 33 years. One fixed at £10 p.a	Sale
GB	8, 10, 12, 14 Dawkins Road Dorset	4	80	17,000 +500 BP	0.4	None listed	Sale
GB	16, 18, 20, 22 Dawkins Road Dorset	4	60	11,000 +500 BP	0.5	None listed	Sale
GB	163, 165, 167, 169 Haymoor Road	4	130	3,250 +500 BP	4	None listed	Sale
GB	191, 193, 195, 197 Haymoor Road	4	104	2,000 +500 BP	5.2	None listed	Sale
GB	2-16A Alma Road Hampshire	16	960	12,500 +500 BP	7.7	None listed	Sale
GB	52/52C Coombe Road East Sussex	4	140	7,500 +500 BP	1.9	None listed	Sale
GB	Clovelly Court Upminster Road Essex	36	2,950	64,000 +500 BP	4.6	None listed	Sale
GB	Ismay Lodge Heighton Close East Sussex	24	1,140	23,000 +500 BP	4.9	None listed	Sale
GB	Hollin Court London Road West Sussex	24	3,600	52,000 +500 BP	6.9	Rising by £1,200 at 25 year intervals	Sale

SCHEDULE

GB	Flats 13-20 Miner Court	8	1,200	18,000	6.6	Rises every 25 years	Sale	
GB	99 Wickham Road	6	900	13,000	6.92	Fixed uplifts	Sale	
GB	11-22 Wyllyotts Grove Aviemore	12	1,800	26,000	6.92	Rises every 25 years	Sale	
	44 Dean Park Road	9	1,620	249,846	7.25 (Based on 18,137 per annum)	Rises every 21 years to 1.5% of open market value assuming ground rent at 1.00 p.a./flat		Rent review 25.12.2007. Open market value suggested 1,185,000 to 1,230,000 say 17,750 p.a. to 18,500 p.a. Average 18,137
CW	6 Beechey Road	5	1,000	20,000	5.00	Doubles every 33 years	Sale	