



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

Case Reference : **PJ/LON/00BA/OLR/2014/1530**

Property : **Ground Floor Flat, 38 Glendale Drive, London,
SW19 7BG**

Applicants : **(1) Daniel James Nichols**
(2) Rattiya Nichols

Respondent : **Northumberland & Durham Property Trust
Limited**

**Correction Certificate made under Regulation 50 Tribunal Procedure
(First-tier Tribunal)(Property Chamber) Rules 2013**

As Chairman of the Tribunal that decided the above mentioned case, I hereby correct a clerical mistake in the decision of the Tribunal.

(1) Paragraph 75 is amended to read as follows:

“Applying 84.41% to the FHVP of £605,251 results in an existing lease value of £510,892”.

(2) Paragraph 79 is amended to read as follows:

The premium payable by the Applicants under Schedule 13 of the Act on the grant of a new lease of the Property is £60,328. A copy of the Tribunal’s valuation is attached to this decision.

A revised valuation is attached to this correction certificate.

A correction is required because of the accidental arithmetical error in calculating the existing lease value referred to in the Applicant’s solicitor’s letter of 29 April 2015

Judge : **Amran Vance**

Date : **16 May 2015**

Appendix

38 Glendale Drive SW19 7BG

FLAT - Lease Extension

Virtual Freehold value (FHVP)	£605,251
Long Leasehold value (99% of FHVP)	£599,198
Valuation Date	21-Jun-13
Expiry of existing lease	24-Dec-81
Existing Term unexpired	60.61
Capitalisation rate	7.50%
Deferment rate	5.00%
Relativity	84.41%
Short Leasehold value before extension	£510,892

Diminution of Landlords Interest

Landlords Present Interest

Term

Fixed Present GR		£75	
YP for 7.5 years @ 7.5%	7.1433		£536

Term

Fixed Present GR		£113	
YP for 25 years @ 7.5%	11.1469		£585
PV £1 for 7.5 years @ 7.5%	0.4642		

Term

Fixed Present GR		£169	
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PV £1 for 35.1 years @ 7.5%	0.0761		

Reversion

Virtual Freehold		£605,251	
PV £1 in 60.61 years @ 5%	0.0520		£31,473

TOTAL

£32,737

Landlords Proposed Interest

Virtual Freehold		£605,251	
PV£1 in 150.61 years @ 5%	0.00064		£387

TOTAL

£387

Diminution of Landlords interest

£32,350

Add 50% of Marriage Value

Tenants Proposed Interest (LLH)

Less Tenants Present Interest		£599,198	
Less Landlords Present Interest	£510,892		
Marriage Value TOTAL		£32,350	

Add 50% share of marriage value

£55,957

£27,978

Lease Extension Premium

£60,328



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Property : **Ground Floor Flat, 38 Glendale Drive, London,
SW19 7BG**

Applicants : **(1) Daniel James Nichols
(2) Rattiya Nichols
(the "Leaseholders")**

Representative : **Comptons, solicitors**

Appearances : **Mr Daniel Nichols and Mrs Rattiya Nichols**

Respondent : **Northumberland & Durham Property Trust
Limited (the "Landlord" and freehold
reversioners)**

Representative : **Bond Dickinson LLP, solicitors**

Appearances : **(1) Mr Michael Buckpitt, counsel
(2) Mr Michael Green BSc MRICS
(3) Mr Rishi Kohli, solicitor**

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

Tribunal : **1. Mr A Vance, Tribunal Judge
2. Mr N Martindale, FRICS**

Dates of Hearing : **31 March and 1 April 2015**

Date of Decision : **26 April 2015**

DECISION

Decisions of the tribunal

1. The Tribunal determines that the premium payable by the Applicants under Schedule 13 of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”) on the grant of a new lease of the subject property is £62,882. The reasons for the Tribunal’s decision are set out below.
2. When this application was made the parties had not agreed the question of lease terms and costs but these appear to have been agreed prior to the Tribunal hearing and were not raised at the hearing as matters requiring determination.

Background

3. Numbers appearing below in square brackets refer to pages in the hearing bundle provided by the Applicants.
4. This is an application under section 48 of the Leasehold Reform Housing and Urban Development Act 1993 (the “1993 Act”).
5. The Applicants are entitled to a new lease of Ground Floor Flat, 38 Glendale Drive, London, SW19 7BG (“the Property”) under Chapter II of the 1993 Act.
6. The Applicants’ predecessors in title served notice of a claim to take a new lease of the Property on 8 May 2014 [5]. That notice was assigned to the Applicants on their purchase of the Property.
7. On 2 July 2014 the Respondents served a counter-notice admitting the Applicants’ entitlement but disputing the proposed terms of acquisition [7].
8. The Applicant applied to this Tribunal for the determination of the disputed terms on 2 October 2014.
9. The valuation date is agreed by the parties to be 17 May 2014.

Lease

10. The following are particulars of the Applicants’ leasehold interest:

- | | |
|--------------------|---|
| (a) Date of lease: | 29 January 1976. |
| (b) Term of lease: | 99 years commencing on 25 December 1975. |
| (c) Ground rent: | £75 per annum as at the valuation date rising to £113 on 25 December 2025 and then to £169 for the remainder of the term. |

(d) Unexpired term at valuation date agreed to be 60.61 years.

11. The Respondents were registered as freehold proprietors of the Property on 11 June 1986 [10]. The Applicants purchased their leasehold interest on 23 May 2014 at a price of £526,000 and at the same time the benefit of the notice under section 42 of the 1993 Act was assigned to them by the former tenants. The Applicants' leasehold interest was registered on 14 July 2014 [17]. There are no intermediate interests.
12. The Applicants' proposed premium before the Tribunal was £41,500. [78].
13. The Respondent's proposed premium was £95,350 [137].

Inspection

14. The Tribunal inspected the Property on the afternoon of 1 April 2015. It is a two bedroom, two-storey semi-detached purpose built ground floor flat located in a quiet residential street. It is in good external condition. There is a small front garden and a medium sized rear garden. The Tribunal agrees with the description of the Property at section 6 of Mr Green's report [5].
15. Some decay was present to the window frames to the bay window in the living room with evidence of patch repairs having been carried out. The Tribunal did not see any other significant disrepair. Whilst not fully modernised the Property was in good decorative condition.
16. After visiting the Property the Tribunal carried out external inspections of the following properties relied upon by the parties as comparables:
 - (a) 6 Glendale Drive
 - (b) 22 Glendale Drive
 - (c) 50 Glendale Drive
 - (d) 2 Lismore, Woodside
 - (e) 10A Woodside
 - (f) 37 Woodside
 - (g) Flat 3, 91 Worpole Road
 - (h) 111 Hartfield Road

Matters agreed

17. The following were agreed:

- (a) A capitalised value for ground rent of 7.5%;
- (b) That the appropriate deferment rate to be used for calculation of the Landlord's reversionary interest is 5% per annum;
- (c) Once extended by 90 years the value of the long leasehold interest in the Property will be equal to 99% of the freehold vacant possession value of the Property;
- (d) That the gross internal area of the Property is 83.3 m² of which 2.6 m² comprises an under-stairs area with restricted head height; and
- (e) That adjustments to the value of comparable sales over time should be determined in accordance with the value of the Land Registry House Price Index for Flats in the London Borough of Merton between May 2014 and the month in which the relevant comparable sale completed; and

Matters in Dispute

18. The following matters of valuation were in dispute:

- (a) The current freehold vacant possession value of the Property as at the valuation date;
- (b) The value of the Leaseholders' interest in the Property under the proposed new lease as at the valuation date;
- (c) The value of the Applicants' current lease
- (d) The premium payable for the grant of the new lease.

The Law

- 19.** Schedule 13 the Act provides that the premium to be paid by the tenant for the grant of a new lease shall be the aggregate of the diminution in the value of the landlord's interest in the tenant's flat, the landlord's share of the marriage value, and the amount of any compensation payable for other loss.
- 20.** The value of the landlord's interests before and after the grant of the new lease is the amount which at the valuation date that interest might be expected to realise if sold on the open market by a willing seller (with neither the tenant nor any owner of an intermediate leasehold interest buying or seeking to buy) on the assumption that the tenant has no rights under the Act to acquire any interest in any premises containing the tenant's flat or to acquire any new lease.

21. Para 4 of the Schedule, as amended, provides that the landlord's share of the marriage value is to be 50%, and that where the unexpired term of the lease exceeds eighty years at the valuation date the marriage shall be taken to be nil.
22. Para 5 provides for the payment of compensation for loss arising out of the grant of a new lease.
23. Schedule 13 also provides for the valuation of any intermediate leasehold interests, and for the apportionment of the marriage value.

The Hearing

24. Mr Buckpitt appeared on behalf of the Respondent as did the Respondent's valuer, Mr Green. The Applicants attended in person. The Tribunal was greatly assisted by the written closing submissions prepared by the parties at the Tribunal's request which were available for the second day of the hearing.
25. The Tribunal first dealt with a preliminary issue concerning the admissibility as expert evidence of a valuation report prepared by the First Applicant, Mr Nichols.
26. Until shortly before the hearing the Respondent was apparently under the impression that Mr Nichol's was a qualified surveyor. However, this is incorrect and there is nothing before us to indicate that Mr Nichols has asserted this. He is, it appears, a chartered accountant and he acknowledges that he has no professional valuation qualifications. However, he states in the introduction to his report that he has made a careful study of the relevant statutory background, case law and valuation principles and that he has local knowledge of the area and previous experience in leading valuation negotiations for the collective enfranchisement of his previous home. He asked that regard be had to the analysis and evidence set out in his report.
27. The Tribunal agreed with Mr Buckpitt that Mr Nichols' report could not be admitted as expert evidence as, firstly, it was not independent and, secondly he is not a qualified expert. The report therefore amounts to non-expert opinion evidence. Despite this the Tribunal did not consider that the report should be excluded as evidence.
28. Rule 18(6)(a) of the **Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013**, SI 2013/1169 allows the Tribunal to admit evidence whether or not the evidence would be admissible in a civil trial. The Tribunal is therefore entitled to admit evidence which would not be admissible in a civil court and give it such weight, if any, as the Tribunal considers it merits in the light of all the evidence available to it.
29. The tribunal did not consider it was in the interests of justice to exclude the Applicants from seeking to rely upon the contents of Mr Nichols' report when addressing matters of valuation given that they were representing themselves at the hearing and given the obvious effort that Mr Nichols had had put into his report. In the Tribunal's view the appropriate course of action was to admit the report as non-expert opinion evidence with the Tribunal to determine the weight, if any, to be given to its' contents given that Mr Nichols was not qualified to

provide expert valuation evidence. Mr Nichols agreed to be cross-examined on the contents of the report if Mr Buckpitt wished to do so.

The current freehold vacant possession value of the Property

- 30.** An assessment of virtual freehold vacant possession value of the Property ("FHVP") as at the valuation date is required in order to value the Landlord's reversionary interest and the value of the long leasehold interest in the Property once extended which the parties agreed will be equal to 99% of the freehold vacant possession value of the Property.
- 31.** In assessing the FHVP value both parties had regard to sale proceeds achieved in respect of other 14 other flats in the area of the Property.
- 32.** Both agreed that the best comparables were the three Glendale Drive flats, numbers 6, 22 and 50 as these are all located within a few yards of the Property. Both also agreed that number 50 is the best comparable of all although, the sale information was a little dated as the sale was a year before the Applicants purchase of the Property.

The Respondent's Position

- 33.** Mr Green's starting point was to calculate the sale price of each of the comparables on the list as a rate per square foot by dividing the sale price by the gross internal floor area of the property. This was then adjusted for time in accordance with the Land Registry data for the London Borough of Merton. It was then further adjusted according to the unexpired term of the lease compared to its notional freehold in possession value. This was done by applying the Full Table of Leasehold Values as a Proportion of Freehold published by FPD Savills. Mr Green then made adjustments to reflect condition, location, floor level, garden/outside space and layout of accommodation to arrive at a finally adjusted rate per square foot for each comparable.
- 34.** For some properties, such as those comparables on Woodside, he applied a 2.5% adjustment to reflect the fact that it is a busier road than the Property. Adjustments were also made where a Property was on a bus route or close to Wimbledon train station.
- 35.** Mr Green then valued the freehold possession value of the Property by taking an average of the adjusted figures for all of the ground floor flats on the list of comparables (£715 ft²) and the three Glendale Drive flats (£694 ft²) producing a figure of £705 ft² but with weighting towards the best comparable of all, 50 Glendale Drive (£730 ft²) which results in a figure of £710 ft², equating to a FHVP value of £636,500.
- 36.** He derives support for this conclusion by cross-checking against all the ground floor garden flat comparables after adjustment for the market and the lease only.

The Applicants Position

37. The Applicant agreed that 50 Glendale Drive was the best comparable but he considered a 5% adjustment was needed to reflect its better layout.
38. He also contended that an adjustment in the sum of £30,000 was required because the Property was in poor condition and required full modernisation to bring it up to the 'well-presented' and 'fully modernised condition' of the flats on the list of comparables as indicated by their sales particulars.
39. He suggested that offers to purchase the Property on an extended lease indicates a FHVP figure of £565,657 whilst the evidence of comparable sales of 50 Glendale Drive, 6 Glendale Drive, 2 Lismore and 10A Woodside suggested a FHVP figure of £568,090. Allowing for the possibility that a slightly higher price might have been achieved for the Property in the sealed bid process he proposes a FHVP value of £575,000

Decision

40. The only expert valuation evidence before the Tribunal is Mr Green's report which contains a formal Statement of Truth confirming that the facts and matters referred to in his report that are within his own knowledge are believed by him to be true and includes a statement of compliance confirming that he understands his duty to this Tribunal as an expert witness.
41. The Tribunal is satisfied that his report is impartial and objective and is broadly satisfied that the method he has adopted in calculating the FHVP is appropriate.
42. In particular, we accept that his methodology as summarised in paragraphs 33 and 34 including the calculations based on the gross internal area and the adjustments applied including the 2.5% location adjustment for properties on Lismore and a 5% garden and outside space adjustment.
43. However, the Tribunal considers that the better layout of 50 Glendale Drive (which was accepted by Mr Green) merits a 5% adjustment. Furthermore, the Tribunal is not persuaded that the adjustment to the gross internal area proposed by Mr Green at the hearing respect of 2 Lismore is appropriate. His proposed that the figure he had specified in his schedule of comparable properties for the gross internal area of the flat needed to be reduced to disregard the conservatory. This was because the estate agents had told him that the conservatory was a cheap one and not one that somebody would want to sit in. The Tribunal disagrees that this should be discounted. In our view a conservatory is part of the living space of the flat and should be included in the gross internal area regardless of the estate agent's comments which we would be reluctant to accept in any event without direct evidence from him or her.
44. The Tribunal considers that out of the 14 comparables identified by the parties the only sales of significant relevance are those of flats 6, 22 and 50 Glendale Drive and that of 2 Lismore, Woodside. From the Tribunal's external inspection and consideration of the sales particulars these flats are very similar in size, layout, age design and location to the Property. The other comparables are either too far from

the Property; too different in age; have too different a layout; have too different garden or access arrangements; or are converted properties.

45. The Tribunal invited Mr Green to weight the 14 comparable sales but he declined to do so. Instead he indicated a preference for the three Glendale Drive properties and those at 111 Hartfield Road and Flat 3, 91 Worpole Road. The Tribunal did not consider 111 Hartfield Road to be a useful comparable as from our inspection it appears to be a converted Edwardian property located on a quite busy street and considerably different in character from the Property. Flat 3, 91 Worpole Road is very different in character from the Property, being a converted end of Terrace Victorian villa.
46. Nor did we consider 10A Woodside (as suggested by Mr Nichols) to be a helpful comparable. It is too different in character from the Property, being a basement flat in a converted house with reduced natural light to the front bedrooms due to its basement status.
47. Adopting Mr Green's methodology and the Tribunal's adjustments set out in paragraph 43 above results in a final adjusted square foot values as follows:

6 Glendale	£669 ft ²
22 Glendale	£683 ft ²
50 Glendale	£693 ft ²
2 Lismore	£654 ft ²
48. As there is likely to be inherent uncertainties in the exact gross internal area of each property given that these were based on sales particulars we consider it appropriate to apply an average of the ft² values for those four properties. The average rate is £674.75 ft² which when applied to the Property, which has a gross internal area of 897 ft², results in a FHVP for the Property of £605,251.
49. In reaching that figure we make no adjustments for improvements to the Property as both parties agreed that none were relevant. Nor do we consider any adjustment is appropriate to take into account the condition of the Property on purchase by the Applicants when compared to the comparable properties. The Applicants suggest a £30,000 adjustment but have not adduced evidence to support that asserted figure.
50. Mr Green rejects the need for any such adjustment and is of the view that the condition of the Property on purchase would have made no significant difference to valuation.
51. Our inspection of the Property did not show that it was in "poor condition" as stated by Mr Nichols in his report [74]. On the contrary, it is in good condition. We accept that it not in the fully modernised condition of some, but not all, of the comparables relied upon by the parties however we see no reason to doubt Mr Green's expert evidence that this merits an adjustment for condition.

52. That view is supported by the Applicants own position that the buoyant state of the market at the time of their purchase of the Property led to purchasers overbidding for properties. This suggests that the condition of the Property at the time was unlikely to have impacted on the price that buyers were willing to pay for it.
53. There is simply insufficient evidence before us to warrant making a condition adjustment.

The Existing Leasehold Value

54. Both parties agreed that given the proximity of the date of the Applicants' purchase of the Property to the valuation date that, in this case, transaction evidence was to be preferred to graphs of relativity. Both agreed that the price paid by the Applicants of £526,000 for the Property was the appropriate starting point for the ascertaining the existing lease value subject to the need to deduct for a No Act world.
55. The difference between the parties came down to the following:
- (a) Mr Green suggested a 10% deduction is needed to take into account a No Act world whereas the Applicants proposed a 2.5% reduction; and
 - (b) The Applicants submitted that a £10,000 deduction was appropriate to reflect the costs of works needed to comply with the covenants under the Lease at the time of purchase.

The Respondent's Position

56. Mr Green considered a 10% deduction reflected the true value of the 1993 Act given that the Property had an short unexpired term of 60.61 years at the valuation date and that a valid s.42 notice had already been served when the Applicants' purchased the Property. He questions whether in a No Act world mortgage-dependent purchasers would be bidding on a flat with a short lease of this term.
57. Mr Green calculates that a 10% reduction from the sale price amounts to a relativity of 74.38% which he considers to be reasonably consistent with decisions reached in five previous decisions of this Tribunal, copies of which were included in the hearing bundle.
58. In Mr Buckpitt's submission a lease outside the Act is a wasting asset, with no guarantee that a landlord would extend the lease. He rejected the suggestion that a £10,000 adjustment for works was appropriate. In his view there is no reason why the value of an existing lease should be increased if works are outstanding

The Applicants' Position

59. The Applicants relied on two decisions of this Tribunal and the Upper Tribunal decisions in **Sarum Properties Ltd v Webb** [2009] UKUT 188 (LC) and **Shoa and anr v Nikoltsev** [2012] UKUT 73 (LC) in support of their contention that a 2.5% adjustment is appropriate.

60. Works in the sum of £10,000 were, they said, required to comply with their covenants under the Lease. These works involved repairs to the front windows because of wood rot and rebuilding of a section of the garden wall as well as full redecoration.
61. The Applicants also stated that when they bought the Property it was through a sealed bids process. Mr Nichols indicated that the estate agent had informed him that several of the offers received were conditional on the vendor successfully extending the lease prior to completion and that the highest such offer was for £550,000. When the £10,000 cost of works is added to this figure this results in a proposed extended lease value as at the valuation date of £560,000.

Decision

62. We concur with the parties that the price paid by the Applicants of £526,000 for the Property is the appropriate starting point. We agree that a deduction to reflect the benefit of the Act is required but we do not accept that it is as high as Mr Green suggests.
63. As Mr Buckpitt correctly points out in his written closing submissions this Tribunal must reach its decision on the basis of the evidence before it. The Tribunal regards Mr Nichol's report to amount to non-expert opinion evidence and there is, therefore, *evidence* from both parties as to the appropriate adjustment to be made for a No Act world.
64. Whilst we fully accept that only Mr Green can provide expert valuation evidence on this point that does not mean that the Tribunal is obliged to accept his evidence without question. Instead, what we are required to do is to weigh up the evidence from both parties and then form our own view, as an expert tribunal, as to whether or not the proposed adjustments are appropriate.
65. In the Tribunal's view neither party has provided cogent evidence as to why their proposed adjustments for a No Act World are correct. In truth, both Mr Nichols and Mr Green's suggested adjustments are derived from the various tribunal cases that each produced to support their contentions.
66. We agree with Mr Buckpitt's closing submission that the Tribunal should be very cautious when considering those decisions as they do not amount to evidence. There is also the risk that the conclusions reached in the previous tribunal decisions may have been dependent on the evidence before it, evidence which we are not in a position to assess.
67. However, if we strip out reference to past tribunal cases from Mr Green's report we are left with no useful evidence to support a 10% adjustment. He makes a general reference to it being possible that in a No Act world owner occupiers may be reluctant to bid on a flat with a short lease of this term and/or might have problems getting mortgage finance but these assertions are unsupported by any further evidence and do not address the question as to why 10%, as opposed to a different figure, is the appropriate adjustment to make.
68. In the absence of any useful evidence from the parties to justify their proposed adjustments the tribunal considers it appropriate to have regard to graphs of

relativity and how the adjustments proposed by the parties impact on overall relativity. In doing so we utilise the RICS Greater London Graphs of Relativity which were referred to by Mr Green and helpfully attached to his report [136]. We use these four graphs because in our view they are well established and to be preferred to the less well-established Beckett and Kay (Mortgage Dependent) Graph.

69. We note that the average of the four graphs for a lease with 60.61 years remaining is 86%. This leads us to conclude that the 10% reduction for a No Act world suggested by My Green, which equates to final relativity of 74.38%, is too high.
70. The FHVP determined above is £605,251. The relativity between that and the short leasehold value is $\frac{£526,000}{£605,521} \times 100 = 86.91\%$. That figure is close to the average of the four RICS graphs. However, a deduction for a No Act world still needs to be applied. If a 2.5% deduction is accepted the final relativity amounts to 84.41%. This, whilst lower than the average, sits comfortably within the range of the four RICS graphs and is the adjustment that we consider appropriate.
71. It is therefore our view that a 2.5% adjustment is appropriate to reflect a possible overbid in the purchase price to reflect both the benefit of the Act world and the fact that a valid s.42 notice had been served.
72. Whilst not forming part of our decision making process, we are fortified in our conclusion by the two Upper Tribunal decisions relied upon by the Applicants in which a 2.5% reduction for a No Act world was not interfered with.
73. We do not accept that an adjustment for works in the sum of £10,000 is appropriate and agree with Mr Buckpitt that there is no logical reason why the cost of alleged outstanding works should operate to increase the value of an existing lease. If anything, it would decrease it.
74. Nor do we consider that any adjustment is appropriate to reflect the fact that the Property was marketed by way of sealed bids as there is no evidence as to the background or the detail of those bids. Further, we agree with Mr Buckpitt that a bid is not a transaction and therefore not relevant for the purpose of this valuation exercise.
75. Applying 84.41% to the FHVP of £605,251 results in an existing lease value of £505,783.

Valuation

76. The diminution in the value of the landlord's interest in the Property is represented first by the capitalised value of the grounds rent receivable under the lease which will be surrendered and replaced by a peppercorn rent under the terms of the Act. That income stream is capitalised by the parties at 7.5%, which the Tribunal accepts is appropriate in this case.
77. Next, the effect of the grant of the new lease will be to defer the landlord's freehold reversion for a further 90 years, thereby for practical purposes depriving the landlord of the current value of the freehold reversion indefinitely. The present

value of the reversion is determined by applying a deferment rate to the FHVP of £605,251. The deferment rate appropriate for leasehold flats in Central London was authoritatively determined to be 5% in the case of *Earl Cadogan v Sportelli (2006) LRA/50/2005*. The parties have agreed a deferment rate of 5% which the Tribunal accepts.

78. Marriage value is the difference between (on the one hand) the aggregate value of the interests of the leaseholders, the landlord and the intermediate leaseholder before the new lease; and (on the other) the aggregate value after the grant of the new lease. It is to be shared equally between the parties, as required by the Act.
79. The premium payable by the Applicants under Schedule 13 of the Act on the grant of a new lease of the Property is £62,882. A copy of the Tribunal's valuation is attached to this decision.

Name: Amran Vance

Date: 26 April 2015

Appendix

38 Glendale Drive SW19 7BG

FLAT - Lease Extension

Virtual Freehold value (FHVP)	£605,251
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Diminution of Landlords Interest

Landlords Present Interest

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Fixed Present GR	£75	
YP for 7.5 years @ 7.5%	7.1433	£536

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PV £1 for 35.1 years @ 7.5%	0.0761	

Reversion

Virtual Freehold	£605,251	
PV £1 in 60.61 years @ 5%	0.0520	£31,473

TOTAL £32,737

Landlords Proposed Interest

Virtual Freehold	£605,251	
PV£1 in 150.61 years @ 5%	0.00064	£387

TOTAL £387

Diminution of Landlords interest **£32,350**

Add 50% of Marriage Value

Tenants Proposed Interest (LLH)

Less Tenants Present Interest	£599,198	
Less Landlords Present Interest	£505,783	
Marriage Value TOTAL	£32,350	£61,066

Add 50% share of marriage value **£30,533**

Lease Extension Premium **£62,882**