

RECEIVED  
- 7 DEC 1995

2

LVT 9

Ref LON/LVT/567

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT PANEL

Leasehold Reform Act 1967

Housing Act 1980

DECISION OF LEASEHOLD VALUATION TRIBUNAL

ON AN APPLICATION UNDER S21 OF THE LEASEHOLD REFORM ACT 1967

Mr G Fokschaner  
Applicant .....

The Trustees of John Lyon's Charity  
Respondent .....

RE: 121 HAMILTON TERRACE, LONDON NW8

Date of Tenant's Notice: 6 December 1993

Application to Tribunal dated: 6 February 1995

Heard: 24 July 1995

Appearances:

Mr D P Conway (Green David Conway Solicitors)  
Mr J N Petter FRICS (Jackson-Stops & Staff ) for the Tenant  
Surveyors )

Mr A Radevsky (of Counsel)  
Mr J E C Briant BA ARICS (Messrs Daniel Smith))for the Landlord  
Mr T Reade (Messrs Daniel Smith)

Members of the Leasehold Valuation Tribunal:

Mrs B M Hindley LLB JP (Chairman)  
Mr P F Prior MA FRICS  
Mr A Selman DipArch FRIBA

Date of Tribunal's decision 1 December 1995.

1. This is a decision on an application made by the landlords and freeholders, John Lyon's Charity, under Section 9 of the Leasehold Reform Act 1967 (the Act), as amended, for the determination of the price to be paid for the freehold interest in the house and garage at 121 Hamilton Terrace NW8 (the subject property). The tenant, Mr G Fokschaner, holds under a lease dated 29 November 1984 for a term of 75 years commencing on 25 December 1983 at a ground rent of £500 per annum, payable by equal quarterly payments in advance, until 24 December 1998 and thereafter during successive 15 year periods, either £500 per annum, or 0.25% of the capital value of the subject property.
2. The tenant acquired the property on 14 January 1972 under a lease dated 1 September 1935, made between The Keepers and Governors of the Possessions and Goods of the Free Grammar School of John Lyon, Bovis Ltd and Israel Fraser, for a term of 83 years from 24 June 1934. He surrendered that lease in consideration of the grant of the present lease and the payment of £75,000.
3. A notice to enfranchise the property was served on behalf of the tenant on 6 December 1993 and admitted by the landlords on 7 February 1994. Accordingly, the date of the valuation is 6 December 1993 at which date the unexpired term was 65 years.
4. At a hearing the landlords were represented by Mr A Radevsky of counsel, instructed by Mr Greenish of Lee and Pembertons, solicitors, and with Mr J Briant BA ARICS and Mr T Reade of Messrs Daniel Smith. The tenant was represented by Mr D P Conway of Green David Conway, solicitors, and Mr J N Petter FRICS of Messrs Jackson-Stops and Staff.
5. At the outset of the hearing Mr Radevsky handed the Tribunal a table highlighting the differences between the parties. The amended (at the hearing) version is set out below:-

Differences between the Parties

	Landlord	Tenant
Freehold V.P value	£1,200,000	£1,100,000
Present lease value	£ 800,000	£ 900,000
Value of tenant's improvements	£ 20,000	£ 50,000
Capitalization rate	6%	7% increasing to 8
Is reversion valued?	Yes	No
Landlord's share of marriage value	65%	50%

6. Mr Briant gave evidence in accordance with his proof of evidence produced at the hearing. He described the subject property as a detached house, linked at ground floor level and built on a slope so that three storeys were apparent at the front and four at the rear. The accommodation comprised two bedrooms and a bathroom on the second floor, four bedrooms and three bathrooms (one en suite) on the first floor, a reception room, dining room, sitting room, kitchen, cloakroom and utility room on the ground floor and a reception room, boiler/utility room, cellar and stairs to double garage in the basement. There were front and rear gardens with the former providing off street parking.

7. Mr Briant commented on the improvements claimed by the tenant as carried out by him or his predecessor in title. (For ease of reference the schedule submitted by the tenant is attached at Appendix 1.) Mr Briant accepted that items Nos. 2 and 6 had been carried out under licenses for alterations dated 12 May 1972 and 25 September 1986 respectively. Other works he accepted as effected but without any licenses where required. He considered that Nos. 3 and 5 added little value - in the case of No.5 since any new purchaser would refit again to his taste. No.4 he considered a renewal since he asserted that the house would have been built with central heating even if the system had later been replaced with electric radiators. Nos. 7 and 8 he dismissed as matters of personal taste. Overall he valued the improvements at £20,000.
8. Mr Briant itemised the tenant's covenants under the lease relating to insurance, alterations, user and alienation and then commented on three matters he considered relevant to the valuation.
9. Firstly, he stated that the correct capitalization rate for the subject property, situated in a prime residential area was 6%. He found support for this proportion from a settlement relating to 5/6 Northwick Close NW8 and a Leasehold Valuation Tribunal decision (LON/LVT/508) relating to 74 Maida Vale, with an unexpired lease term of 10 months. He added that in *Lloyd Jones v Church Commissioners for England* (1981) 261 EG 471, 5½% had been used in connection with 18 Warwick Avenue, W9, with an unexpired lease term of 12 years. He said that another Leasehold Valuation Tribunal (LON/LVT/541) had adopted 7% for 7 Queensmead NW8, with 68.75 years unexpired. However, this was now subject to an appeal and, in any event, related to a modern town house situated on an estate overlooked by blocks of flats. Mr Briant said that he was the valuer involved in that case and would be seeking 6%.
10. Secondly, he estimated that the rent following the review to 0.25% of the capital value would be £2,500 per annum for the hypothetical 75 year lease and this was agreed by Mr Petter. Thirdly, in connection with marriage value, he asserted that Parliament had envisaged by Schedule 15 of the Leasehold Reform, Housing and Urban Development Act 1993 (which amended Section 9(1A) of the Act) that the landlord's share of the marriage value could exceed 50%. He accepted that as the landlords were not willing sellers he had no evidence of previous transactions, but he offered a transaction with which he had been involved, concerning a lease extension of Flat 2, 35 Hamilton Terrace. There, the head lease of a raised ground floor flat, with 13 years unexpired, was surrendered and a new 99 year lease immediately granted. Since the value of the new lease was put at £310,000 and the existing term at £145,000, and the tenant paid a premium of £165,000, Mr Briant considered that the landlords had obtained 100% of the marriage value.
11. He found additional support for this proposition from the agreed surrender of a lease with 34 years unexpired, and the grant of a new 99 year lease, of 126A Hamilton Terrace. In the calculations contained in his Charities Report Mr Briant demonstrated that the landlords had achieved 85% of the marriage value. For these reasons he asserted that since the tenant could reasonably be expected to

offer over 50%, where the tax free profit on a high value house made it financially worthwhile for him to do so, the marriage value in the present case should be determined at 65% in favour of the landlords.

12. In order to establish the value of the existing leasehold interest in a static (since the date of the notice) market, Mr Briant offered two properties for consideration - 144 Hamilton Terrace NW8 and 143 Hamilton Terrace NW8.
- 13, 144 Hamilton Terrace, with an unexpired lease of 71 years and an initial ground rent of £1200 per annum, sold for £760,000 in July 1994. It was a semi-detached period house, smaller than the subject property and had only a single garage with rear access. Deducting £40,000 for the fact that the subject property was not a period house and the same amount because No.144 had a 5 year longer lease, and adding £70,000 for size, £25,000 for adjacent double garage and parking spaces and £25,000 for its virtual detached status, Mr Briant achieved a figure of £800,000 for the subject property. Virtually all these amounts were subsequently challenged by Mr Petter who asked whether they were based on principle or quantum. He also pointed to the higher rent, which Mr Briant defended as not 'considerably higher, and the lack of circulation space in No.144.
14. 143 Hamilton Terrace was a four storey, linked detached house with a garage and off street parking for one car, built in the 1960's and sold for £620,000 in August 1993, with 67 years unexpired and an initial ground rent of £125 per annum, with a review in September 1995 and every 33 years to 20% of the rack rental value for a 33 year lease. Adding £100,000 for size, £25,000 for the benefit of a double garage and more off street parking and £55,000 for a much longer rear garden, Mr Briant again achieved a figure of £800,000. Mr Petter pointed out that although the subject property was one third larger, a difference of only 16% had been allowed. He also asked what allowance had been included for the potential redevelopment site currently being assembled at the rear of No. 143. Mr Briant said that his £55,000 reflected this risk.
15. As to the value of the freehold interest, Mr Briant offered as helpful two similar sized houses in St John's Wood. 8 St John's Wood Park a modern detached house on ground, first and second floors, sold freehold for £1,025,000 in September 1993 and again, for the same price in January 1995. Adding £125,000 for its smaller size, £25,000 for its poorer location (overlooked by flats) and £25,000 for its smaller garden, Mr Briant achieved a figure of £1,200,000 for the subject property. However, at the hearing, he accepted Mr Petter's view that the sizes had been wrongly calculated and thus agreed that £25,000 might more accurately reflect the difference in size between it and the subject property. 34 Grove End Road, he described as a double fronted, 1930's, georgian-style house, the freehold of which was currently on offer at £1,500,000.
16. Based on the above Mr Briant submitted his valuation, attached at Appendix 2, and asked the Tribunal to determine a price for the freehold interest of £280,585. He found the one third difference thus established between the freehold and leasehold values appropriate in the context of a 65 year lease which was "within sight of the

watershed of having 50 years unexpired when the value of the lease relative to the value of the freehold declines further".

17. Mr Petter cross examined Mr Briant at length and ultimately Mr Petter accepted that the correct approach to the valuation of the improvements was the added value they gave. He considered it necessary for the Tribunal to see them and establish the appropriate amount. Mr Briant added, as further evidence of purchasers' wishing to stamp their own personality on their homes, that 21 Clifton Hill sold in 1987, had been refurbished in 1988 to a good standard, but had been refurbished again in 1995.
18. Mr Petter challenged the 6% capitalization rate on the basis that the examples given had considerably shorter leases and that with lease extensions or surrenders there was a lot of 'hope' value attaching. This meant that a higher price was paid and the yield was lower since it was affected by the potential for capital growth. Mr Briant was adamant that the subject property was a higher value and better located property than 7 Queensmead and that therefore, if the applied 7% was correct, 6% was correct for the subject property.
19. Mr Petter read an extract from Hague stating that it was generally accepted that the ultimate reversion should be ignored and the Section 15 rent capitalised in perpetuity. Mr Briant disagreed both on the basis that the comment applied only to Section 9(1) (valuations for site value) and that the reversion was taken into account in the decision relating to 7 Queensmead. Mr Petter countered on the basis that Section 9(1A) and 9(1C) cases were similar except in relation to marriage value and the reversion to a contractual rather than a Section 15 rent. Mr Petter argued that a resulting investment of £58,809 would show only a yield of  $4\frac{1}{2}\%$ . Mr Briant said that this would be taxed as income rather than as capital gains and thus would be valuable in 65 years time after two or three generations.
20. Considerable time was then spent on explanations and analysis of Mr Briant's cases relating to marriage value achieved greater than 50%. Mr Petter produced and handed in alternative versions of the calculations produced by Mr Briant who then produced his alternative versions in support of his original figure.
21. Asked to justify his opinion that the market was static, Mr Briant said that in the boom years properties were sold twice in one year for higher figures. This had not been so for a number of years and was not the case in December 1993. Since then the number of transactions but not their value had increased.
22. Mr Petter suggested that Mr Briant had been very selective in putting forward only two properties in support of his value of the existing leasehold interest. Mr Briant retorted that he had tried to compare similar and close by properties. Mr Petter asserted that well built 1920's and 1930's houses were as sought after as period properties, being cheaper to maintain. He suggested that an adjustment should be made for a west facing garden and that 143 Hamilton Terrace was in no way comparable.

23. Re-examined by Mr Radevsky, Mr Briant said the sale prices of the new leases for 106 and 110 Maida Vale were unaffected by the fact that half of the gardens were let on short term agreements.
24. Questioned by the Tribunal, Mr Briant accepted that his calculations in relation to 8 St John's Wood Park showed that a purchaser would be willing to pay 20% more for a freehold than for a 75 year leasehold. He found this, and his calculated £400,000 difference between the freehold and leasehold values of the subject property, justifiable on the basis that foreign buyers preferred freeholds and houses changed hands approximately every nine years. He suggested that if freeholds became more available in the area the differential could diminish.
25. Mr Petter gave evidence in accordance with his proof of evidence produced at the hearing. He described the property in much the same terms as Mr Briant except he called the ground floor reception room a study/reception room and the sitting room an office. He said that as the cellars were now included in the 'A' area, works to them must be considered an improvement. He highlighted the tenant's surrender of his earlier lease and argued that he was therefore, entitled to have all his and his predecessors' improvements taken into consideration under Section 9(1A) (d).
26. He explained that the freehold title was encumbered by an Estate Management Scheme which was intrusive including, as it did, positive and negative covenants, rights of entry and works in default. He accepted that its purpose was to preserve the quality of the estate, but considered that there were cost implications for building consents and that its effect was to create a perpetual leasehold at a peppercorn rent. Mr Briant did not agree that the scheme was onerous.
27. Mr Petter said that he had adopted a 7% yield in capitalising the ground rent which was consistent with the decision relating to 7 Queensmead. Because he considered the increase in the estimated rent payable on review significant (which in terms of capital value Mr Briant did not) he considered 8% appropriate to reflect the thereby increased risk. He then valued the reviewed rent in perpetuity considering any reversion of more than 60 years as too remote and speculative. His valuation is attached at Appendix 3.
28. As evidence of leasehold values Mr Petter offered four properties which he listed in order of merit. He defended his use of gross internal floor areas by saying that it was a useful tool and provided a broad picture which was sometimes sought by overseas buyers. In any event circulation space had a value. Mr Briant considered the number of rooms more significant than their overall size and said the method was not used in the market.
- (a) 5 The Lane, NW8, a detached house built around the same time as the subject house and to a similar standard by the same builder, was sold in December 1993 for £835,000 with a 66½ years unexpired lease and a ground rent of £500 per annum. Mr Petter said that it was smaller than the subject property and although quietly situated had virtually no rear garden and little seclusion. Mr Briant pointed out that it was possible to sit in the good sized front garden. The price

paid was equivalent to £298 per square foot of the gross internal area.

(b) 24 Acacia Avenue NW8, a detached three storey Victorian house, considerably smaller than the subject property, was sold in April 1995 for £840,000 on a new, unenfranchisable 80 year lease with an initial ground rent of £1,200 per annum. Mr Briant argued that the market for period properties was better. Mr Petter disagreed and added that stuccoed properties were seen by some as attractive and by others as a maintenance liability. The price paid was equivalent to £350 per square foot of the gross internal area.

(c) 21 Clifton Hill NW8, a semi detached three storey Victorian house, only half the size of the subject property, was sold for £735,000 in April 1994 with a 65 years unexpired lease. Mr Petter accepted at the hearing that the ground rent was not £1200 and that the lease was enfranchisable. The price paid was equivalent to £387 per square foot of the gross internal area.

(d) 3 Clifton Hill NW8, a detached 1930's house, sold in March 1994 for £735,000 (although Mr Briant handed in a copy of the landlord's transfer showing a price of £700,000) when the lease had 38 years to run. Mr Petter explained that he had included the property to show that the differential between lease lengths was not as great as suggested by Mr Briant. He suggested that the difference in the price shown could be explained by the purchase of fixtures and fittings.

29. Mr Petter considered that (a) required no adjustment at all; (b) required adjustment to £270 per square foot to reflect the date of the sale and the length of the lease and that, therefore, the value of the existing lease of the subject property was £285 per square foot. However, taking into account the sale of 144 Hamilton Terrace, referred to by Mr Briant, where £217 per square foot was achieved, he further adjusted his figure for the subject property to £250 per square foot. He was satisfied in the light of (c) above that this figure was justified. After allowing £50,000 to represent the value of the tenant's improvements, he arrived at a value of £900,000 representing £240 per square foot. He added that, unlike Mr Briant, he considered that the market was not static and had improved somewhat, but if Mr Briant was right he would not have made the date of sale adjustment. This would have resulted in £990,000 before the tenant's improvements were taken into account, this reducing the gap between the leasehold and freehold values.
30. Mr Petter accepted, particularly after Mr Briant's admission of the miscalculated floor area, that there was little between them on the value of the freehold but he emphasised again the onerous conditions of the Management Scheme.
31. On marriage value Mr Petter could 'see no justification' for the landlord receiving more than 50%.
32. Cross examined by Mr Radevsky, Mr Petter agreed that a licence for alterations was significant as a record of what had been done. He

said he agreed with Mr Briant's approach to improvements and in assessing £50,000 had closed his eyes and imagined the house without them.

33. In discussion with the Tribunal the parties accepted that in the long term house prices in the area were likely to keep pace with inflation. At the end of the hearing it appeared that the parties were agreed that the value of the subject property, with the improvements and a 75 year lease at a peppercorn rent, was £1,000,000. Mr Briant considered the freehold, with the improvements, to be worth £1,200,000. Mr Petter said £1,150,000 before discounting for improvements. Mr Briant said the leasehold with improvements was worth £800,000, Mr Petter said £950,000. In consequence Mr Petter considered that he might wish to reconsider his valuation of the 75 years lease in the light of the very narrow differential produced.
34. An inspection of the subject property, externally and internally, and of all the other properties mentioned at the hearing, externally, took place on 1 September 1995.
35. The Tribunal found the subject property to be a substantial four storey (three at the front) detached house, one of two, built on either side and linked at ground floor level to an even larger detached house. The brick walls of the subject property were clearly thick, the windows mainly sliding sash type, there were exaggerated overhanging eaves, internal rainwater pipes and a porticoed entrance. The garage, accessed via a steep ramp down had been extended by being brought forward and a skylight had been inserted at roof level. Next door was a small block of flats with garages at its rear accessed via a driveway adjacent to the subject property. At the front the subject property appeared in good condition, but at the rear poor paintwork was apparent. The good sized rear garden, which included a paved terrace immediately outside the house, was well laid out and secluded.
36. Inside the accommodation provided was as described by both valuers at the hearing. The rooms on the top floor were somewhat affected by the mansard. The rear bedrooms on the first floor had pleasant aspects over the garden but from the main bedroom a substantial block of flats was visible. The extension to the en suite bathroom was apparent from the difference in floor levels in this room. On the ground floor the two intercommunicating (by means of large doors) reception rooms could be accessed either from the hallway or from the parallel and intercommunicating office, kitchen and storerooms. At garden level was a large L shaped reception room with sliding patio doors to the garden. Behind this room and to the front of the house was laundry room, boiler room, a wine store and a passageway with stairs, without full headroom, leading to the garage which itself had access, via more stairs, to the garden. Throughout the house a uniformly wide staircase well lit, from windows on all half landings, gave access to all floors.
37. Like Mr Petter, and for all of his reasons, the Tribunal gained most assistance from 5 The Lane. They also found helpful their inspection of 3 Clifton Hill and 34 Grove End Road.

38. As to the value of the tenant's improvement, and these of his predecessors' in title, the Tribunal accepted that four of the improvements (Nos. 1,2,3 and 4) were of value, but they considered that their effect was, primarily, to improve the marketability of the subject property rather than its achievable price.
39. In the light of earlier Leasehold Valuation and Lands Tribunal decisions, particularly that relating to 7 Queensmead, St John's Wood Park, NW8 (LON/LVT/541), the Tribunal accepted that, in this case of a prime property in a prime location, it was appropriate to value the reversion to the unencumbered freehold interest, notwithstanding the fact that there were 65 years remaining on the lease.
40. Further, the Tribunal was not of the opinion that the prospective increase in ground rent, scheduled for 1998, involved any quantifiable additional risk justifying any increase in the capitalization rate. Indeed, the Tribunal considered that were the freehold interest to be available in the open market it would be an attractive investment. Accordingly, the Tribunal adopted a capitalization rate of 7% to both the term and the reversion.
41. In the absence of any compelling evidence to support a split other than 50% of the marriage value, the Tribunal was not persuaded to attribute any higher percentage.
42. With only £50,000 between the two valuers as to the value of the freehold interest including the tenant's improvements, the Tribunal, in the light of their extensive inspection of the surrounding area and the submitted comparable properties, took the view that the value of the freehold interest, after disregarding the value of the tenant's improvements, was £1,175,000.
43. There was greater divergence of opinion between the valuers as to the value of the leasehold interest. Again, the Tribunal found the evidence concerning, and their external inspection of, 5 The Lane, to be of the greatest assistance. The subject property was larger and was situated in a more open location. In all the circumstances the Tribunal formed the opinion that £900,000 was an appropriate value to be attributed to the leasehold interest, disregarding the tenant's improvements.
44. Finally, the Committee considered that the existence of the Estate Management Scheme did preserve the quality of the estate and that its overall effect could only be to enhance the value of the subject property.

45. Accordingly, the value of the freehold interest, in accordance with Schedule 15 of the Leasehold Reform Housing and Urban Development Act 1993 is as follows:

121 Hamilton Terrace, NW8

Term 1

Ground rent receivable	£500	
YP 5 years @ 7%	<u>4.1</u>	£2,050

Term 2

Estimated ground rent	£2,500	
YP 60 years @ 7%	14.04	
Deferred 5 years @ 7%	<u>.713</u>	
	<u>10.01</u>	£25,025

Reversion

Value of unencumbered freehold interest (less tenant's improvements)	£1,175,000	
Deferred 65 years @ 7%	<u>.0123</u>	
		<u>£14,453</u>
		£41,528

Value of lessor's interest

Lessor's share of marriage value

Value of unencumbered Freehold interest (as above)	£1,175,000
--	------------

Less

(1) Value of lessee's interest (less tenant's improvements)	£900,000	
(2) Value of lessor's interest (as above)	<u>£ 41,528</u>	
	<u>£ 941,528</u>	
Gain on marriage 50% to lessor	£ 233,472	
		<u>£116,736</u>
Enfranchisement price		<u>£158,264</u>

46. The Tribunal, therefore, determines the sum to be paid for the freehold interest in 121 Hamilton Terrace, NW8, to be £158,264 (one hundred and fifty eight thousand, two hundred and sixty four pounds).

CHAIRMAN ... *B. D. Handley* .....

DATE ... *1/12/95* .....

121 HAMILTON TERRACE, LONDON NW8

Schedule of Tenant's Improvements

1. Extension of garage by approx. 12 ft at front to provide space for two cars.
2. Extension added to first floor, over ground floor reception/study to enlarge en-suite bathroom.
3. Conversion of coal cellars and coal fired boiler room in basement to provide two large damp sealed laundry/utility rooms.
4. Installation of a modern central heating and hot water system with gas fired boilers and radiators.
5. Complete modernisation and refurbishment of 3 original bathrooms.
6. Opening up the rear wall of the basement and improving the natural light by installing double glazing, picture windows with sliding patio doors to the rear garden.
7. Installation of high quality hardwood and Amtico floor coverings, an extensive range of high quality fitted cupboard and shelf units - challenged by tenant as decorations.
8. Installation of period fireplace surrounds in basement living room and ground floor reception/study.

PROPERTY 121 HAMILTON TERRACE NW8

NOTICE DATE 06.12.93

LEASE DETAILS

Date	29.11.84
Term	75
Expiry Date	24.12.58
Unexpired term	65.09
Ground rent (Until Review)	£500 to 25.12.98
Estimated ground rent	£2,500 from 25.12.98

VALUES

FHVP	£1,200,000
LHVP	£ 800,000
Lessee's Improvements	£ 20,000

VALUE OF FREEHOLD PRESENT INTEREST

<u>TERM 1</u>	GROUND RENT		£500	
	x YP	5.05 years @	6.00%	4.25
				-----
				£2,126
<u>TERM 2</u>	<u>ESTIMATED GROUND RENT</u>		£2,500	
	x YP	60.04 years @	6.00%	16.16
	x PV	5.05 years @	6.00%	0.74
				-----
				£30,098
<u>REVERSION</u>	FHVP (less improvements)		£1,180,000	
	x PV	65.09 years @	6.00%	0.023
				-----
				£26,585
				-----
				Lessors interest
				£58,809

MARRIAGE VALUE

	FHVP (less improvements)	£1,180,000	
Less	Lessor's Present interest	£ 58,809	
	Lessees interest (less improvements)	£ 780,000	
		-----	
	Marriage Value	£ 341,191	
	Take	65% Marriage Value	£221,774
			-----
		Total	£280,583
		<u>SAY</u>	<u>£280,585</u>

## VALUATIONS

## 1. Open Market Value of Freehold Interest:-

Current Ground Rent	£ 500 pa	
YP 5 years @ 7%	<u>4.1</u>	£ 2,050

Review to:

Estimated "capital value" of 75 year lease @ peppercorn rent - £1M.

Rent @ 0.25% X £1M	£ 2,500 pa	
--------------------	------------	--

Y.P in perpetuity, deferred 5 years @ 8%	<u>8.5073</u>	
---	---------------	--

£ 21,268£ 23,318

## 2. Marriage Value:

Estimated O.M.V of Freehold with vacant possession (disregarding tenants improvements)	£1,100,000	
--	------------	--

Less:-

a) O.M.V. of Freehold interest	£ 23,318	
--------------------------------	----------	--

b) O.M.V. of Lessees interest (disregarding tenants improvements)	<u>£900,000</u>	
--	-----------------	--

£ 923,318

Marriage Value	<u>£ 176,682</u>	
----------------	------------------	--

Landlord's share of M.V @ 50%	<u>£ 88,341</u>
-------------------------------	-----------------

Enfranchisement Price:0	<u>£111,659</u>
-------------------------	-----------------