

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT PANEL

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL

ON AN APPLICATION UNDER S21 OF THE LEASEHOLD REFORM ACT 1967

Applicants: Grosvenor Estate Belgravia

Respondent: Mr Mark Christopher Tellwright

RE: 60 Eaton Place, London SW1

Date of Tenant's Notice: 19 June 2000

Application to Tribunal dated: 13 February 2001

Heard: 15 & 16 January 2002

Appearances: Mr Simon Burrell of Counsel for the Applicants
Instructed by Mr Baars of Boodle Hatfield, Solicitors

Mr Ian Macpherson MA FRICS (Gerald Eve)

Mr George Pope FRICS

Mr T Martin (Grosvenor Estate)

Mr Edwin Johnson of Counsel for the Respondent
Instructed by Mr S P Clarke Russell-Cooke,
Potter & Chapman, Solicitors

Mr Justin Shingles (Justin Shingles Ltd)

Members of the Leasehold Valuation Tribunal:

Mrs J McGrandle BSc (Est Man) MRICS MRTPI (Chairman)

Mrs S F Redmond BSc (Econ) MRICS

Mrs G V Barrett JP

Date of Tribunal's decision: 15 March 2002

1.0 Introduction

1.1 This is an application made by Grosvenor Estate Belgravia ("the applicants" or "Grosvenor") for the determination of the enfranchisement price as at 26 June, 2000, the date of service of the notice of claim, for the freehold interest under s.9 (1C) of the Leasehold Reform Act, 1967 ("the 1967 Act") as amended by the Leasehold Reform, Housing and Urban Development Act, 1993 ("the 1993 Act") in respect of the house and premises at 60, Eaton Place, SW1 ("the property").

1.2 The property is subject to an intermediate lease held by Proofchance Ltd from the freeholders and head leaseholders, Grosvenor Estate Belgravia. That intermediate lease, which originally included a mews house now enfranchised, was granted in 1950 for a term of 73.25 years from 25 December 1947 until 25 March 2021, having 20.75 years unexpired at the date of the enfranchisement claim. The rent payable under this lease is now £100 pa fixed for the remainder of the term.

1.3 The respondent, Mr Mark Tellwright, who acquired his interest in September, 1996, holds under an under-lease from Proofchance Ltd. dated 20.9.96 for a term of 24.75 years from 12.6.96, expiring on 22.3.2021. The unexpired term at the date of valuation is therefore 20.75 years. The rent payable under this lease is £100 per annum, fixed throughout the term.

1.4 Following the hearing, the Tribunal made an internal inspection of the property and an external inspection of a number of the comparables quoted by the parties.

2.0 The Property

2.1 This comprises a substantial stucco-fronted seven-storey terraced house in Eaton Place facing north. There is a south-facing roof terrace at ground/first floor level and a basement patio. Adjoining the rear boundary is the 2-storey No. 12 Eaton Mews North, originally the mews to the property, its back wall contiguous with the property's rear extension. The property which has a lift has been converted into three main units:

- Maisonette on rear basement, ground and first floors occupied by the respondent
- Maisonette on second and third floors let by the respondent on an AST
- Maisonette on fourth and fifth floors let by the respondent on an AST

while the front basement is self-contained caretaker's accommodation with a street access.

2.2 The property is listed Grade II as part of the terrace between Nos. 56 - 82 (even) Eaton Place and is within the Belgravia Conservation Area.

3.0 Agreed Facts

3.1 The appendices provided on behalf of Grosvenor included a Statement of Facts. This is attached as Appendix 1. In particular:

- The valuation date is 26 June 2000
- The property is to be valued in its 1996 condition ie disregarding any improvements carried out by the respondent during his lease
- Term and reversion are to be capitalized @ 6%
- The intermediate leaseholder, Proofchance Ltd., is to be compensated on the enfranchisement of the property by a reduction from £100 pa to nil in the ground rent payable under the intermediate lease from Grosvenor
- Marriage value is to be split 50:50
- GIA is 7,941 sq.ft.

4.0 Issues

- 4.1** - The unimproved freehold value
- The unimproved leasehold value

4.2 Amended valuations prepared by Mr Macpherson for the applicants and by Mr Shingles for the respondent are attached respectively as Appendices 2 and 3. Proposed enfranchisement prices are as follows:

Mr Macpherson (applicants):	£2,591,100
Mr Shingles (respondent):	£1,460,900

5.0 Inspection

5.1 The Tribunal inspected the property with the benefit of the 1996 floor plans. These showed the property in its unimproved state. The inspection confirmed the clear difference in value between the three maisonettes according to relative floor levels. The ground and first floors of the lowest maisonette were impressive. By contrast, the 4th/5th floor maisonette, although having perfectly adequate accommodation and head room and excellent natural light, had a rather pokey entrance, cramped internal stairs and no exceptional features. A one-person lift served all floors apart from the top two floors.

5.2 The Tribunal noted the south-facing roof terrace accessed from both the lowest maisonette and the common parts and noted the degree of overlooking, particularly from the east (No. 58). The basement patio was somewhat dark, being enclosed by the 2-storey rear extensions to Nos. 60 and 62 and was overlooked by rear windows at Nos. 12 and 11 Eaton Mews North.

6.0 Hearing

1) Freehold Value

6.1 Both Mr Pope, for the applicants, and Mr Shingles, for the respondent, accepted that the property in its existing flats' configuration had potential for conversion to a single family dwelling house and the comparables quoted by both

valuers, which related both to flats and to houses, reflected this. Although both valuers had some comparables in common, there was a difference in the weight accorded by each valuer to those comparables. A material difference between the valuers lay in the adjustment of prices to the valuation date, both valuers adopting different indices. With the transactions covering a period of rapidly changing market conditions, the choice of index was a material factor in the difference between the two freehold valuations.

6.2 Mr Pope, for the applicants, in support of his base figure of £5,265,000 (£663 pfs) for the freehold interest relied upon three comparables:

- 79 Eaton Place. Sold f/h in December 1998 for £2.3m. GIA 6416 sq.ft.
- 81 Eaton Place. Sold f/h in August 1998 for £2.955m. GIA 6340 sq.ft.
- 12 Chester Square. Sold in February 2001 for £2.85m. 99 yr UXT. GIA 3938 sq.ft.

and also referred the Tribunal to his valuation of 14 Eaton Place (£3,800,000 as at August 1999 on a GIA of 7,562 sq.ft.) which had been accepted by an earlier LVT (LON/ENF/306/98).

6.3 Mr Pope devalued 81 Eaton Place @ £663 pfs. He explained the apparently low price for 79 Eaton Place which he regarded as an inferior comparable by stating that at the time of sale, December, 1998, the market was depressed. A letter produced by him during the hearing emphasised the point. No. 81 was subsequently converted into a single family dwelling house while No. 79 was retained and upgraded as flats. He referred the Tribunal to the 14 Eaton Place decision (see above) and that tribunal's description of the sale of 79 Eaton Place as "maverick". 12 Chester Square, which he devalued @ £695 pfs, was a much smaller property than the subject house and he was using this transaction only as a check.

6.4 To conclude, Mr Pope's preferred comparable for his freehold value was 81 Eaton Place. However, the sale price had to be adjusted upwards to reflect the fact that 81 Eaton Place was unmodernised and arranged in "bed-sits" whereas the subject property was in a superior location and condition. Also the latter benefited from a south-facing roof terrace. Accordingly, adopting the rate of £663 pfs (per 81 Eaton Place) he calculated £5,265,000 which he then increased to £5,550,000 to take account of location and condition.

6.5 In adjusting prices to the valuation date of June 2000 Mr Pope adopted the Savills PCL Houses index ie an index specific to the type of property but embracing an area as far afield as Holland Park and St Johns Wood. He stated that this index was appropriate for Belgravia and that as the freehold value lay in the property's potential as a single house it was appropriate to adopt the (PCL) Houses index.

6.6 Mr Shingles, in support of his figure of £3,970,500 (or £500 per sq.ft.) relied upon a number of transactions which he devalued at figures ranging from £829 pfs

(43 Eaton Place) to £465 pfs (79 Eaton Place). A number of these transactions he then discounted as they related to houses which also had mews houses and/or garages or were indeed simply flats. He concluded that the best comparable was 79 Eaton Place (£465 pfs) although the sale of 81 Eaton Place (£592 pfs) should also be considered. 16 Cadogan Square (£498 pfs) was also useful but its superior location was an additional factor to be discounted. Both Nos. 79 and 81 Eaton Place were sold as unmodernised buildings arranged as flats. No. 81 was subsequently converted into a single family dwelling house while No. 79 was retained and upgraded as flats. Mr Shingles' preference was for No. 79 because:

- 1) It was more recent in time
- 2) It was closer in size to the subject house
- 3) It was closer in location to the subject house

6.7 In adjusting prices to the valuation date of June 2000, Mr Shingles adopted the Savills PCL S West index, which covers both houses and flats, because:

- It concentrated on the closer area of Mayfair, Belgravia, Knightsbridge and Chelsea

- It was uncontaminated by market movement in other prime areas such as W11 and NW8, such market movement being weighted by the sale of large properties for conversion into single houses in PCL West.

- The merged index reflected the situation in the present case, whereby the property could be viewed either as a potential house or as continuing in flats.

2) Leasehold value

6.8 Mr Pope reached his leasehold value by relying on the 1996 Gerald Eve / John D.Wood relativity graph. In order to give credence to this graph he took the Tribunal through a series of transactions of flats in SW1, SW3 and W2 on both short and very long leases, making adjustments for upgrading to freehold; short-lease length; improvements; floor area; passage of time using the PCL flats index; 93 Act rights. He concluded that the relativities thrown up by these transactions compared favourably with the John D.Wood/ Gerald Eve graph and also supported his view of a 10% difference between short leases with/without 93 Act rights. He concentrated on flats because in his view the subject property with an unexpired term of 20.75 years would have no market for conversion to a house. Next, he valued the freehold interest of each of the three flats at the property by reference to further comparable transactions. Where necessary, he adjusted the transaction price to reflect passage of time; improvements; annual rent payable. He concluded that the freehold value of the property as three flats, including a reduced value for the caretaker's accommodation, was £4,440,000.

6.9 Using as his prime source the 1996 John D.Wood/Gerald Eve graph, which he stated was supported by the short and long lease transactions he had quoted, Mr Pope applied a figure of 44.1% to the freehold value of £4,440,000 to reach a leasehold value of £1,958,000.

6.10 Mr Shingles, in support of his leasehold value of £2,235,000 (£281 pfs), referred the Tribunal to 10 transactions of short leasehold interests in flats where the unexpired term varied from 40 years to 18 years; the majority however were around the 20 year unexpired term mark. Discounting for "93 Act rights" on a sliding scale according to the length of unexpired term, the scale used by him in past LVT/Lands Tribunal cases, and adjusting for time in accordance with the Savills PCL SW index, he reached values ranging from £235 pfs to £579 pfs.

6.11 Mr Shingles concluded that of the ten transactions cited, the following were the best comparables:

- 14 Eaton Place. Two separate maisonettes (Second floor and third/fourth floor). Sold together for £950,000 in July 2000. UXT 14 years. Devalued @ £235 pfs.

- 67 Eaton Place. 5 floors. Sold in July 1999 for £2,250,000. UXT 35 years. Devalued @ £390 pfs.

- 70 Eaton Place. First/second floor. Sold in October, 2000 for £565,000. UXT 20.5 years. Devalued @ £311 pfs.

6.12 After adjusting the transactions at 14 and 67 Eaton Place to reflect the different unexpired terms Mr Shingles applied a figure of £287.50 pfs to the property's GIA of 7,941 sq.ft. to reach a capital value equating to £2,283,000. He then deducted a sum of £48,000 from this figure to reflect the reduced value of the caretaker's accommodation to reach his figure of £2,235,000 for the leasehold interest.

3)Valuation

6.13 Finally, Mr Macpherson gave evidence on the applicants' valuation (Appendix 3 to this decision) adopting the capital values put forward by Mr Pope, namely, £5,550,000 for the freehold interest and £1,958,000 for the leasehold interest having an unexpired term of 20.75 years.

6.14 Mr Macpherson stated that there was little or no current open market evidence available of value for leases without prospect of enfranchisement. Pointing out the danger of over-valuing the leasehold interest by failing to give sufficient weight to the need to disregard "93 Act rights", and hence unduly reducing marriage value, Mr Macpherson referred the Tribunal to the 1981 Lands Tribunal decision *Lloyd Jones v Church Commissioners for England*. He then introduced a summary of settlement evidence relating to the Grosvenor Belgravia and Cadogan Estates between the years 1974 and 2000 and involving some 470 enfranchisement price settlements, 98% of which were negotiated settlements. He referred the Tribunal to other Lands Tribunal decisions which supported settlement evidence. He stated that in more recent decisions

"the Lands Tribunal has been more drawn to investigating the extent to which the details of the valuation supporting the settlements have been agreed."

6.15 Mr Macpherson then examined a number of settlements where the unexpired leasehold term was in the order of 20.75 years, as in the present case, and pointed out relativities ranging between 31% and 46%. These were calculated internally by his firm, almost invariably not by agreement with the parties, but related to an agreed enfranchisement price and referred to settlements dating from 1975 through to 1999.

6.16 On the basis of a relativity of 44.1% he asked the Tribunal to determine his enfranchisement price of £2,591,100.

6.17 Mr Shingles, by way of a check, stated that his figures threw up a relativity of 56.29% (£2,235,000: £3,970,000) and referred the Tribunal to a number of graphs produced by Central London agents and to the recent Lands Tribunal case of *Langinger v Cadogan. Estates Ltd.* (LRA/10/2000). His enfranchisement price was £1,460,900.

7.0 Decision

1) Freehold value

7.1 Both valuers concluded that the most relevant comparables - out of a number put forward - for assessing the freehold value were Nos. 79 and 81 Eaton Place, the former sold freehold in December 1998 for £2.3m and the latter sold freehold in August 1998 for £2.955m., each with similar GIAs which were however somewhat smaller than the subject property. Neither had south-facing roof terraces.

7.2 Very significantly, both, arranged as upmarket predominately en-suite bed-sit accommodation, sold with potential for conversion to single family dwelling houses. In the event, No. 79 was converted into flats and No. 81 into a single dwelling house.

7.3 Mr Pope relied on the sale of No. 81 which he updated via the Savills PCL Houses index whereas Mr Shingles relied on the sale of No. 79 which he updated via the Savills PCL S West index. Taking the one transaction rather than the other, and the one index rather than the other, accounted for a difference of 33 % in the base freehold valuation put forward by the respective valuers.

7.4 Having examined the evidence very carefully, the Tribunal have concluded that there must remain some doubt over the sale of No. 79. Probably the simplest explanation is that given by Mr Pope, namely, that the vendor was anxious and the market was depressed. The Tribunal therefore after some consideration prefer to rely on the sale of No. 81. The question then is: What is the appropriate index to adopt to update the August 1998 sale of No. 81 to the June 2000 valuation date?

7.5 The PCL Houses index (specific to houses but covering the whole of PCL), as favoured by Mr Pope, would enhance the freehold value by 40% (August 1998 - June 2000 = 310.4: 434.7) whereas the PCL S West index (houses/flats but more specific to the geographical area), as favoured by Mr Shingles, would enhance the freehold value by 27% (August 1998 - June 2000 = 217.5:276.5).

7.6 Mr Shingles gave evidence that the PCL Houses index during this period had been weighted by sales of large properties in PCL West (ie including Notting Hill and Holland Park) with potential for conversion to houses. Mr Pope was able to point the Tribunal to only a handful of properties in the vicinity of comparable size to the property in question which were now in single family occupation and mentioned none elsewhere on the Estate. The contribution of Belgravia to the significant rise in value of PCL houses over this short period could therefore be less than in other PCL areas. More importantly, there is no guarantee, as witnessed by the example of No. 79, that a house with potential for conversion into a single dwelling will be so converted. Moreover, the subject, unlike Nos. 79 and 81, was currently arranged as three good-sized units, each unit of itself commanding a significant value.

7.7 Given this uncertainty, the Tribunal considered that the PCL S West index, with its more limited geographical coverage but comprising both houses and flats, was the most appropriate in this case. Accordingly, the Tribunal have taken Mr Shingles' updated figure for No. 81 of £592 pfs which they have then enhanced to £600 pfs to include for the benefit of the south-facing, albeit overlooked, terrace to produce an unimproved freehold value of £4,764,600.

2) Leasehold value

7.8 The difference in values between the respective valuers - 14% - was considerably less than with the freehold valuation although both valuers approached the task in different ways

7.9 Mr Pope, in seeking to justify application of the 1996 John D.Wood/Gerald Eve graph to his freehold value to reach a leasehold value or "relativity", took the Tribunal through a series of freehold/leasehold transactions of properties not necessarily comparable to the subject property and of transactions not necessarily relating to the same property; of properties in areas eg W2 not covered by the graph. Each transaction required adjustments and assumptions to be made. He then undertook a second exercise of valuing the freehold interest of each of the subject maisonettes by reference to a further series of transactions, some open market and some being valuations included in Tribunal decisions. Numerous adjustments and assumptions were then applied to derive a freehold value including: adjustments for differences such as lack of lift and level of improvements; upgrading to freehold by reference to the John D.Wood/Gerald Eve graph; and updating or backdating for time by use of the PCL Flats index. He then as a third exercise applied the "relativity" established by the first exercise to the freehold values derived from the second exercise to reach his individual leasehold values. The conclusion must be that these values were reached after a tortuous route involving the need for a variety of assumptions which cumulatively can create much room for error.

7.10 Mr Shingles' approach was initially more conventional. He used market comparables. Although Mr Shingles put forward a number of short leasehold comparables with 20 year unexpired terms similar to the subject property, he chose as his preferred comparables:

- No. 14 Eaton Place: unexpired term 14 years. £235 pfs
- No. 67 Eaton Place: unexpired term 35 years. £390 pfs

He chose these because together they covered the basement through to the fifth floor and thus mimicked the subject property. Having adjusted for time and rights he then applied a straight line statistical average to reach his figure of £287.50 pfs for the 20.75 year unexpired term.

7.11 In the Tribunal's view, this statistical exercise over-simplifies the problem. It was clear from the inspection that there was considerable difference in value between the three maisonettes which could not be over-come by a single figure derived from a statistical average, itself derived from a pair of transactions, neither of which had unexpired terms similar to the 20.75 years under consideration.

7.12 To compound the problem, Mr Shingles then applied his £287.50 pfs , which he had derived from the sales of individual flats, to the GIA of the whole building - 7,941 sq.ft. - instead of applying it to the aggregate GIA of the flats - 6,829 sq.ft. - (and then made an allowance for the reduced value of the caretaker accommodation) thus inflating the value of the enfranchising tenant's existing leasehold interest. But the value of the unexpired term of 20.75 years must lie in the flats themselves, not in the building, which was of course Mr Pope's method of valuation.

7.13 Mr Shingles' open market evidence was however very useful.

7.14 The "No Act" assumption should not in the Tribunal's view be used as a reason for not examining market transactions and, if necessary, adjusting for rights, an exercise actually carried out by both valuers. Despite Mr Macpherson's assertion that there was little or no market evidence available, Mr Pope relied upon three transactions involving non-enfranchisable leases. Recent Lands Tribunal decisions, notably *Cadogan Estates Limited v Cecil* (LRA/10/2000) and *Langinger v Cadogan Estates Limited* (LRA/46/2000) have emphasised that if market evidence is available, then settlement evidence should only be used as a check. These decisions have also cast doubt on the reliability of settlement evidence, on the self-perpetuating nature of the settlement graph and whether the analyses of settlements are accurate indications of the valuations which were in fact agreed. In the particular case, the comparatively recent phenomenon of higher value attached to the single house potential could also serve to distort the graph although it is accepted that Mr Pope's figures here are on a "like for like" basis.

7.15 The Tribunal preferred for the leasehold valuation of the flats the use of PCL S West as chosen by Mr Shingles. Although this includes both houses and flats it is more area-specific. Further, the Tribunal considered that it probably produced a more accurate reflection of the movement of flat prices in Belgravia for the period under consideration in that the index for PCL S West slightly out-performed that for PCL flats. Taking as a starting point those of Mr Shingles' open market figures for properties with similar unexpired terms, and accepting - in the absence of any compelling evidence to the contrary - Mr Shingles' adjustment for 93 Act rights, the Tribunal have determined the following values for the existing unimproved

leasehold interest:

1) Lower ground/ground/first floor flat. The range offered was £250 - £282 pfs for the lower ground and ground floor and £311 - £579 pfs for the first floor. The Tribunal have adopted the figures of £280 pfs, £300 pfs and £450 pfs respectively to reach a total value of £1,007,000.

2) Caretaker's accommodation. Mr Shingles' discount was equivalent to £181 pfs. The Tribunal have taken a figure of £185 pfs to reach a figure of £89,000.

3) Second/third floor flat. The range offered was £284 - £454 pfs. The Tribunal have taken a middle figure of £350 pfs giving a value of £641,000.

4) Fourth/fifth floor flat. The range offered was £284 - £454 pfs. Given the relative shortcomings of this flat, the Tribunal have adopted the figure of £280 pfs, giving a value of £436,000.

7.16 Accordingly, the Tribunal have determined that the sum total of the short leasehold value of the three flats, together with the caretaker's accommodation, is £2,173,000.

7.17 The Tribunal considers that it can be a useful exercise, but no more than that, to cross check the leasehold valuation derived from comparable evidence against statistics assembled in graphs and tables. In this particular case, we were not persuaded by Mr Pope's comparative analysis of evidence that the graph he was using was sufficiently accurate to give an unarguable 44.1% relativity where 20.75 years remains. However, this graph and other similar analyses show a band of possible relativities. A comparison of the Tribunal's assessment of £2,173,000 with their freehold valuation of £4,764,600 gives a relativity of about 46% which falls within this band.

7.18 The Tribunal's valuation, determining an enfranchisement price of £2,006,300, is attached as Appendix 4.

CHAIRMAN..... *J. McNamee*

DATE..... *15. 3. 02.*

**IN THE MATTER OF
LEASEHOLD REFORM ACT 1967 AS AMENDED
SECTION 9(1C)
and
A REFERENCE TO
THE LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT
ASSESSMENT PANEL**

**and
A HEARING ON TUESDAY 15 AND WEDNESDAY 16 JANUARY 2002**

**RELATING TO
60 EATON PLACE
LONDON SW1**

DRAFT STATEMENT OF FACTS

Circumstances of Reference

- 1.1 Under the Leasehold Reform Act 1967 as amended (LRA 1967) notice was given of the leaseholder's claim for the freehold of 60 Eaton Place, "The Subject House", on 26 June 2000.
- 1.2 The claim was admitted on 14 September 2000.
- 1.3 The landlords applied in February 2001 for the Leasehold Valuation Tribunal to determine the enfranchisement price payable and to determine the other terms of the transfer.
- 1.4 The Leasehold Valuation Tribunal's hearing of the case has been arranged for Tuesday and Wednesday 15 and 16 January 2002.

2. Relevant Tenure Information

- 2.1 The freehold and head leasehold interest in the Subject House are owned by the Trustees of the Will of the Most Noble The Second Duke of Westminster deceased and Grosvenor Estate Belgravia respectively (together called "Grosvenor"). It is agreed that they are to be treated as a single interest vested in Grosvenor.
- 2.2 The Subject House is included in another intermediate lease held by Proofchance Limited. That intermediate lease originally included also an adjoining mews house at 12 Eaton Mews North, of which the freehold was claimed under LRA 1967 on 16 May 2000. That enfranchisement has recently been completed in November 2001.
- 2.3 The intermediate lease was granted on 29 June 1950 for a term from 25 December 1947 until 25 March 2021, and so it had about 20.75 years unexpired at the date of the enfranchisement claim for the Subject House. It reserved a rent of £140 per annum fixed throughout the term, which was reduced by £40 per annum to £100 per annum on the enfranchisement of 12 Eaton Mews North.
- 2.4 The claimant presently holds an underlease of the Subject House. That lease is dated 20 September 1996 and granted a term from 12 June 1996 until 22 March 2021, and so it had also about 20.75 years unexpired at the date of the enfranchisement claim. It reserved a rent of £100 per annum fixed throughout the term.

Description of Subject House

- 3.1 The Subject House is on ground, lower ground and five upper floors with frontage to Eaton Place of the order of 8.31 metres (25 feet 4 inches) width.
- 3.2 The property is presently arranged as Fourth and Fifth Floor Maisonette, Second and Third Floor Maisonette, Ground, First and Rear of Lower Ground Floor Maisonette and Front Basement Caretaker's Flat.
- 3.3 The present arrangement of the lower three floors dates from 1996, until which time the property was arranged as shown by the accompanying plans.
- 3.4 The Subject House has the benefit of a lift.
- 3.5 The Subject House comprises the following gross internal floor areas

Unit	GIA		Floor	GIA	
	Sq.ft.	Sq.ft.		Sq.ft.	Sq.ft.
Fifth & Fourth	704	1557	5 th	704	1661
	<u>853</u>		4 th	<u>957</u>	
Third Second	914	1832	3 rd	1134	2252
	<u>918</u>		2 nd	<u>1118</u>	
			Half Landing		33
First Ground	927	1947	1 st	1149	2502
	<u>1020</u>		G	<u>1353</u>	
Lower Ground			LG		<u>1493</u>
	1493				<u>7941</u>

- 3.6 The Subject House includes also a roof patio at the rear of the first floor measuring 3.16m (10'4") by 4.9m (16') and a patio at lower ground level measuring 4.45 m (14'6") by 8.9m (29'2").

4. **Planning Considerations**

- 4.1 The Subject House is included, as part of the terrace between 56 – 82 (even) Eaton Place, in the Statutory List of Buildings of Special Architectural or Historic Interest as Grade II with the following description

"Terrace of houses. Early to mid C19. Stucco. Low slate mansards. Centre 3 and end pairs set forward slightly. 4 storeys, mansard attic and basement. 3 windows each. Channelling to ground floor. Doric fluted projecting porches. Continuous balustraded balcony. Square headed windows. Architraves to first and second floor, corniced to first floor. Pediments to first floor centre 3 houses and centre windows of end pairs. Sashes, glazing bars. French casements to first floor. Dentil cornice above second floor. Balustraded parapet. No 56 with extra set back bay to left and return elevation with attached pedimented segmental mews arch."

- 4.2 Eaton Place is within the Belgravia Conservation Area.

5. **Location of Subject House**

- 5.1 The Subject House is situated on the south frontage of Eaton Place. This is a central location within Belgravia, which is a well-known high class residential area of well-maintained character in Central London.

6. **Valuation**

- 6.1 It is agreed between the parties that

- (a) the valuation to the enfranchisement is under LRA Section 9(1C),
- (b) the valuation date is 26 June 2000,
- (c) the Intermediate Leaseholder (Proofchance Limited) is to be compensated on the enfranchisement of the Subject House by a reduction in the rent payable under the intermediate lease from Grosvenor of £100 per annum reducing it to nil,
- (d) Grosvenor's consequential loss of rental income is to be capitalised at 6%,
- (e) the value of Grosvenor's reversion is to be deferred at 6%, and
- (f) the enfranchisement price payable to Grosvenor is to include the statutory minimum 50% share of the marriage value released by the enfranchisement.

THE GROSVENOR ESTATE

IM2 Revised

60 Eaton Place, London SW1

LEASEHOLD REFORM ACT 1967 as amended

Valuation under Section 9(1C)

by

IAN MACPHERSON MA FRICS

at

26th June 2000

Valuation of lessor's interest exclusive of marriage value	£	£	£
For remainder of term-			
Ground rent currently payable	100		
Years purchase for 20.75 years @ 6.0%	11.69		
		1,169	
For reversion to -			
Value of freehold interest with vacant possession	5,500,000		
Deferred 20.75 years @ 6.0%	0.298		
		1,639,000	
			1,640,169
Add lessor's share of marriage value			
Value of freehold interest with vacant possession		5,500,000	
Less			
Value of lessor's interest exclusive of marriage value	1,640,169		
Value of lessee's interest exclusive of marriage value	1,958,000		
		3,598,169	
Gain on marriage of interests		1,901,831	
50% attributed to lessors			950,916
Enfranchisement price			2,591,085
			Say 2,591,100

GERALD EVE
Chartered Surveyors

VALUATION OF HOUSES IN ACCORDANCE WITH THE LEASEHOLD REFORM ACT 1967			
Property	60 Eaton place SW1	LON/LVT/1372/01	
Date of Claim	26-Jun-00		
Unexpired term of lease	20.75 Yrs	GIA 7941 £ rate psf £ 500	
<u>LANDLORDS INTEREST</u>			
1) Ground rent payable			
Years Purchase in	20.75 Yrs @	£100 <u>6.0%</u>	11.692
			£1,169
2) Reversion to end value-			
Freehold value with vacant possession	Unimproved Value	£3,970,500	
Deferred	20.75 Yrs @	<u>6.0%</u>	0.298
			£1,185,082
Landlords value before marriage value			£1,186,251
<u>TENANTS INTEREST</u>			
Unexpired lease	20.75 Yrs		
Freehold value	£3,970,500		
Percentage of value		56.29%	
Amount of value		£2,235,000	
Negotiated Short Lease	£0		
Value of short lease before marriage value		SAY	£2,235,000
			GIA 7941 £ rate psf £ 281
<u>MARRIAGE VALUE</u>			
Freehold value	£3,970,500		
less Landlords interest	(£1,186,251)		
less Tenants interest	(£2,235,000)		
			£549,249
<u>PRICE FOR FREEHOLD INTEREST</u>			
Landlords Interest	£1,186,251		
50% Marriage value	£274,624		
			£1,460,876
			SAY £1,460,900
Negotiated Price			
Overpayment (Underpayment)		£0	

The Tribunal's Valuation

LEASEHOLD VALUATION - SECTION 9 (1C)

60 Eaton Place, London SW1 as at 26th June 2000

	£	£	£
1. Value of Lessor's interest excluding marriage value			
For remainder of term:			
Current ground rent	100		
YP 20.75 years @ 6%	<u>11.69</u>	1,169	
For reversion to:			
Value of freehold with vacant possession	4,764,600		
deferred 20.75 years @ 6%	<u>0.298</u>	1,419,851	1,421,020
2. Add Lessor's share of marriage value			
Value of freehold with vacant possession		4,764,600	
Less existing value:			
Lessor's interest excluding marriage value	1,421,020		
Lessees' interest excluding marriage value	<u>2,173,000</u>	<u>3,594,020</u>	
Gain on marriage		1,170,580	
50% of marriage value attributed to lessors			<u>585,290</u>
Enfranchisement price			2,006,310
		say	<u><u>£2,006,300</u></u>