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HM COURTS AND TRIBUNALS SERVICE

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT PANEL

IN THE MATTER OF THE LEASEHOLD REFORM ACT 1967 SECTION 21 (1)(A)

IN THE MATTER OF 121 GEORGE STREET LONDON 1H 7HQ

CASE NUMBER LON/00BK/OAF/2011/0002

Parties:

Applicant : **The Portman Estate Nominees (One) Limited (1)**
The Portman Estate Nominees (Two) Limited (2)

Respondents : **Mr Kevin John Harrington (1)**
Miss Judith Louise Maitland-Warne(2)

Representation

For the Applicant : **Miss E Gibbons (Counsel)**
Mr J P Hamilton BSc MRICS of Cluttons

For the Respondent : **Mr D C Cooper BA(HONS) BSc(HONS) MRICS**

Tribunal : **Mr A A Dutton Chair**
Mr J C Avery BSc FRICS

Hearing Date : **10 May 2011**

Decision Date : **8 July 2011**

DECISION

The Tribunal determines that the price payable for the lease extension is £80,747 as set out on the attached schedule and our reasons for such determination are as set out below.

REASONS

A BACKGROUND:

1. This application to the Tribunal was made by Messrs Pemberton Greenish LLP on behalf of the Applicants, The Portman Estate Nominees (One) and (Two) Limited. The determination of the price to be paid for the freehold of the subject premises is to be pursuant to s9(1C) of the Leasehold Reform Act 1967 ("the Act"). There is an intermediate Landlord, Gees Limited, who have not sought separate representation, indeed their interest has been agreed as set out below.
2. A number of matters have been agreed between the parties and they are as follows:
 - i. The basis of the valuation should be pursuant to s9(1C) of the Act;
 - ii. The gross internal floor area of the building is 4153 sq. ft.
 - iii. There are no tenants improvements to be disregarded;
 - iv. The Head Lease rent apportioned to the property has been agreed and the value of the Head Lessees interest assessed at £1,939;
 - v. The deferment rate to be applied is 4.75%;
 - vi. It has been agreed that at the valuation date (which is in dispute) there were 88.18 years left unexpired for the Headlease and 88.15 years for the Underlease.
 - vii. The transfer terms have been agreed.
3. Initially the items in dispute related to the assessment of the freehold value, the valuation date, capitalisation rates and the date of sale of comparables. We are pleased to say however that a further element of agreement was reached prior to the commencement of the hearing when the capitalisation rate in respect of the ground rent was agreed at 6%.

B. EVIDENCE:

4. We had before us reports prepared by Mr Hamilton of Cluttons on behalf of the Applicants and from Mr Cooper on behalf of the Respondents. In addition a Statement of agreed facts had been produced to which was annexed a site plan, copies of the Sales Particulars of various comparable properties, a Sales Schedule in which a number of aspects relating to the comparable properties had been agreed and a location plan showing the position of the comparable properties.

5. Miss Gibbons had prepared a Skeleton Argument which we had the opportunity of reading. On the issue of the valuation date she told us that Mr Cooper uses the 23 July 2010 which was the date of the Notice of tenants claim whereas Mr Hamilton uses the valuation date as 26 July 2010 being the date the tenants Notice was received. Both valuers agree it makes little difference to the purchase price but Mr Hamilton believes it is a matter of principle and Mr Cooper's use of the date of Notice suggested a "lack of experience". It is submitted that the correct valuation date should be the date of receipt, namely 26 July 2010.
6. The Skeleton Argument then went on to deal with the capitalisation rate but that is now agreed and turned to the question of the freehold value. Mr Hamilton, Miss Gibbons told us, had valued the freehold at £4.9million whilst Mr Cooper valued it at £3.6million. She said that the difference between the values could be explained by the analysis of the available comparables including the choice of market indices, the dates used for the sale of the comparables and the adjustments made from leasehold to freehold. There was also of course the argument as to the weight to be given to the individual comparable properties. The Skeleton Argument then went on to address the relative merits of the indices, the dates of the comparables and the relativity as well as the Applicants arguments as to which of the comparables was the better one to choose. The Skeleton Argument ended with the submission that Mr Hamilton's approach was to be preferred and the premium payable should be £85,499.
7. It is common ground that the comparable properties are 17, 22 & 22A Connaught Square all of which are leasehold properties having at least 91 years unexpired. The freehold properties that were included within the comparable evidence were those at 61 Blandford Street, 19 and 60 Montagu Square, 25 & 35 Connaught Square, 53 Great Cumberland Place and 11 Wyndham Place. There were two sales for 25 Connaught Square, one in 2008 and an earlier one in 2007.
8. We then heard from Mr Hamilton who had, as we indicated above, produced a valuation report dated 5 May 2011. The report set out details of his expertise and confirmed the matters that had been agreed. Under the heading "Freehold Value" he considered the comparable properties. He explained the basis behind the appendix setting out agreed factors relating to the comparable properties and in an appendix to his own report he had added columns for "further adjustments" to be included which led to an adjusted square footage figure. To this he made a further adjustment to reflect the location of the relevant property.

9. The "further adjustments" were as follows. For leasehold comparables a conversion from leasehold to freehold utilising the Sales (Leasehold Reform; Impact on prime Central London 2003) data was applied. Adjustments were made for off-street parking at 19 Montagu Square only of 2.5%; to reflect the passage of time by reference to the Savills PLC index which now included Marylebone and for the condition of the comparables as compared to the subject premises.
10. His report commented on all comparable properties commencing with those in Connaught Square which he did not find the most compelling because the range between the lowest rate per sq.ft. for 25 Connaught Square, the first sale in May 2007, was only £724 whereas the rate per sq.ft. for number 17 Connaught Square reached was of £1107. He did concede however that the lower rate for 25 Connaught Square was perhaps unreasonable and should be the subject of adjustment.
11. In connection with the two properties at 19 and 60 Connaught Square he concluded that the rates per sq.ft. were very close. He was also helped, he said, by these two properties because the sale of one took place just over a year before the valuation date, that is number 19, and the other two-and-a-quarter years before the valuation date. The sale in Great Cumberland Place he thought might be tainted by the fact that it was acquired by the adjoining house owner. Insofar as the property at Wyndham Place was concerned he thought the analysed rate of £706 per sq.ft. was too low to be comparable and in respect of the Blandford Street property, where the analysed rate per sq.ft. was £860, he thought the location not comparable.
12. His conclusion was that the nearest comparables both physically and actually were those in Montagu Square with, in third place, the property at 53 Cumberland Place. Having made an allowance of 5% for the location of the Square being superior to the subject premises he concluded that for 19 Montagu Square the rate per sq.ft. would be £1,189. This however had been subject to a deduction of £300 per sq.ft. for the condition and he himself felt that such was the degree of refurbishment that it was "not an ideal comparable". Insofar as 60 Montagu Square was concerned this benefited from updating and was subject to planning for an extra floor. He had in fact inspected the property in February of last year and was told by the builder on such inspection that the property had not been occupied for two years and was in 1970's condition. He therefore made no amendment for condition but allowed the 5% reduction in respect of the location which gave a rate per sq.ft. for this property of £1,167.

13. he then considered the property at 53 Great Cumberland Place which although located close to the subject premises, was, he thought, in a poorer location than George Street and was in fact an "Edgware Road by-pass"
14. Limited settlement evidence was referred to relating to 119 George Street although Mr Hamilton conceded that this was not such good evidence as market evidence. Using these findings he concluded that the freehold value should be £4.9million, giving an enfranchisement price of £87,438, of which £85,499 is payable to the freeholder and £1,939. payable to the Head Lessee. His report contained a valuation to that effect.
15. In oral evidence to the Tribunal he was asked whether he thought that the 1% reduction made by Mr Cooper for the leasehold to freehold conversion was acceptable which he thought was not the case. He believed that the Savills Index was more appropriate as it was based on open-market values in 2002, although he conceded, not actual sales. He did not think it would be possible to get leasehold and freehold sales of the same property on the same date and therefore that the Savills research was the best that could be achieved in the circumstances. He had not used the Land Registry index because in his view the main advantage of the Savill indices is that they dealt with properties such as the subject premises removing high and low values and of course now included Marylebone in their area. The Land Registry index looked at matched pairs, the number of which would be limited. Also he was concerned that the sales were sometimes registered quite late and therefore the monthly figures could be affected by that. He thought however the Savill's index was more widely accepted. With regard to the dates of sale, which was an issue between the parties, he told us that he had adopted the dates shown by Lonres, a site accessible to Surveyors only. The adopted date is that upon which an offer has been made and accepted. He did not think that the date of completion is the date that one should apply for the date of the value.
16. As to the adjustment of 2.5% for the car-parking space applicable to 19 Montagu Square, he told us this was based purely on his opinion.
17. On the question of condition he had based his view on the Sales Particulars in the bundled headed "Statement of Agreed Facts" and agreed that there were no improvements to be disregarded in respect of the subject premises. He agreed that Montagu Square was a better location than George Street but could not agree Mr Cooper's allowance of some 25%; as to Great Cumberland Place he confirmed that he thought this was affected by

traffic and was something of a by-pass but that George Street was not so affected as traffic using that road would be for the estate rather than passing through.

18. He was asked what he thought of 61 Blandford Street as a comparable and raised the point that the internal gross area was perhaps incorrect as this appeared to make full allowance for the loft room which had reduced head height. He thought however that it was not such a good position as George Street being close to Baker Street and therefore much noisier and with commercial premises in the near vicinity.
19. When asked by Mr Cooper whether he thought there was any difference for the location within Montagu Square he thought there was not and that a 5% allowance was appropriate. As to the Savill's table dealing with the leasehold freehold relativity he was asked whether he thought that this was less effective being prior to the Sportelli decision but he did not think that was the case. He also told us that he did not think the comparable at Wyndham Place was helpful as it was in a different location. He placed no weight on the Blandford Street comparable indicating that the only positive element was the date of sale being close to the valuation dated. When asked by the Tribunal whether, in considering 19 Montagu Square he had made any allowance for the fact that this had a mews property which might therefore achieve a higher price, he confirmed that he had not viewed the mews at a different rate and had merely made a deduction of 2.5% to reflect the car parking. He had concluded that the two properties in Montagu Square gave close comparable square footage figures to each other and were therefore reliable comparables for the subject property.
20. Mr Cooper had produced a report, dated 3 May 2011. This set out the agreed terms and details of his qualifications. There was extensive comment on the location and description of the properties and the size, all of which were noted. The report dealt with the value of the freehold interest and the comparable properties being the same as those put forward by Mr Hamilton. As to the leasehold to freehold adjustment he relied on another Tribunal case where an allowance of 1% had been made for a lease length of 90 years or more (LON/OOBK/OAF/2009/0032). As to the time adjustment he thought that the H M Land Registry house price index, for the City of Westminster should be used and that was attached to his report. His reasons for doing so were that the index referred to actual transactions, was relatively geographically contained, compiled on a month-to-month basis and the household type was clearly identified. He told us that he had not internally inspected the comparable properties but had relied upon the estate agents particulars making allowances only for those properties which were described as having been

refurbished. Accordingly, in respect of 25 Connaught Square he made an allowance of £150 per sq.ft, 19 Montagu Square £300 per sq.ft. and 61 Blandford Street £125 per sq.ft.. He then reviewed the comparable evidence in respect of the various properties and made adjustments. For example in respect of 17 Connaught Square he made a downward adjustment of 2% because the property had access to the Square. He then made an upward adjustment because of the somewhat strange shape of the property which was then further adjusted downwards because of the external width followed by a further adjustment because the property was end of terrace. He continued in this vein in respect of the other properties although some had little or no adjustment to be made.

21. His main comparable was that at 61 Blandford Street and again he relied on some findings made by a Tribunal in respect of an assessment of the value of a property at 75 Blandford Street. (LON/OOBK/OAF/2009/0020) He made adjustments in respect of the location which he thought was worse than George Street and which he had therefore adjusted by 2%. The fact that 61 Blandford Street was an end of terrace property, required a counter-adjustment of 2%. He concluded that the appropriate square footage for this property is 3,577 allowing for the loft area at half-rate. This, after the adjustment for condition and time, gave a square rate figure of £791.
22. His report then went on to deal with the other properties for which various adjustments were made. He concluded that the freehold vacant possession value was £3.6million.
23. During the course of his evidence he confirmed that he had dealt with hundreds of leasehold extensions and collective enfranchisements and also acquisitions of freeholds under the 1967 Act. He was of the view that George Street was a main road and it was not appropriate to compare it with the London Squares where there was access to the gardens. He was of the view that the properties at Great Cumberland Place and Wyndham Place were appropriate comparables but that 61 Blandford Street which was his primary comparable property.
24. On the basis of relativity he told us that he believed the practical experience he had with leases of over 90 years, resulted in an adjustment of 1% being correct. He preferred the Land Registry index as opposed to Savills although he accepted that now included Marylebone. He told us that he had looked at the average of all the comparables placing less weight on the Garden Square properties and that 61 Blandford Street was, in his view, the best being the closest in valuation date and in size. He did however accept that George Street perhaps had the edge on Blandford Street for location. He told us that he

had taken the average of the adjusted square footage rates for Great Cumberland Place, Wyndham Place and Blandford Street and that had given him the appropriate square footage to be applied to the subject premises.

25. Under cross-examination by Miss Gibbons he was asked how he had dealt with the time adjustment. He said that he had relied on the Land Registry data and that on each occasion in respect of the subject premises he had gone back one month from the date upon which the Land Registry had said the sale completed as he thought that would realistically give the valuation date, being the anticipated exchange date. As to relativity he indicated that he relied on his experience and on the LVT Decision referred to in paragraph 20 above. With regard to the use of the Savills index he gave it less weight as it took a geographical area over a three-month period and was based on valuations, not on transactions. Whilst he was not suggesting the Savills index was inappropriate he preferred the Land Registry one dealing as it did with actual transactions.
26. When questioned about his allowances for condition he confirmed that he had only made adjustments where the estate agents particulars referred to refurbished properties. He made no allowance if the Particulars indicated that they were in immaculate condition as he thought there would be a difference between refurbished and immaculate. When asked about the comparable properties and the difference in the adjusted square footage rates, which were from £728 per sq.ft. for Blandford Street to £1,113 per sq.ft. for Wyndham Place, he thought that the wide variance would have to be "lived with". He conceded that there was a lot of inexact science in the adjustments made and was asked why he made an allowance of 25% in respect of 19 Montagu Square and 20% in respect of 60 Montagu Square. Only 5% had been allowed for Connaught Square as he thought this was a poorer location to the subject premises and he thought that the allowances he had made in respect of Montagu Square were perfectly reasonable. It was at this point in his evidence that we became involved in the amendment of his calculations to reflect the changes to the agreed square footage size of Blandford Street (3315 sq foot) and to correct some mathematical errors. This involved some complicated averaging calculations relating to both the comparable properties at Wyndham Street and Great Cumberland Street which resulted in a freehold vacant possession value for the subject premises of £3,758,000 giving an adjusted price for the freehold of £68,300.
27. At the end of his evidence he had no further submissions to make.

28. Miss Gibbons addressed us briefly on the issues. She told us that the analysis by Mr Cooper of the freehold value was unreliable and that the Savills index was to be preferred. Insofar as the property that had been dealt with by another Tribunal at 75 Blandford Street was concerned she pointed out that the choice made by that Tribunal with regard to the evidence as to time was tainted by the fact that the Savills index did not then include Marylebone but that had now been corrected and indeed the indices had been adjusted to go back to 2002. She was critical of Mr Cooper's calculation as to the date of sale to be applied where he had chosen one month from the date of completion as being the date of exchange without knowing whether that was in fact the case. Mr Hamilton, she said, had used the dates that had been given to him by Lonres, which was the date upon which the offer to buy had been made. She was also of the view that Mr Hamilton's position was better supported on the relativity point by the Savills index. As to condition she thought Mr Cooper had become "too hung up" on the refurbishment point and that the matter should have been looked at as a whole. His range of square-footage rates from £728 to £1,113 was too wide which meant those properties could not be comparable. Mr Hamilton had stood back and analysed the various properties and concluded that Montagu Square properties were comparable to each other and were therefore of assistance. She was also critical of Mr Cooper's method of assessing the square footage rate by taking the averages of Wyndham Place, Blandford Street and Great Cumberland Place. She urged us to accept Mr Hamilton's assessment of the price to be paid for the freehold.

C. INSPECTION:

29. We inspected the subject premises in the afternoon on the 13 June 2011. The property is a five-storey terraced house (including basement) with a balcony to the front, albeit small, at first-floor level. At the time of our inspection George Street was quite busy and we noted there was resident parking available.
30. At basement level was some cellar storage and two rooms which had been connected presently being used as a gymnasium. There was also a steam room, shower room, small bedroom and laundry/utility room. On the ground floor was to be found the kitchen and diner, which had a glass ceiling and doors overlooking a small light well. There was a downstairs toilet, lobby and large living room running from the front to the rear of the property. Stairs led to the first-floor and off those stairs a small rear balcony which was accessed through doors from the stairs themselves. The main living room had a pleasant aspect with double windows to the front and access to the small front balcony. On the second floor was the master bedroom with a dressing area and large ensuite and on the third floor a box room, two bedrooms both with ensuite accommodation.

31. We then considered the comparable properties put forward by the parties. The properties in Connaught Square are known to us and were not greatly relied upon by either valuer. We did not therefore externally inspect those on this occasion. We did however have the estate agents particulars relating to those. We did look at the exterior of the properties in Great Cumberland Place, Wyndham Place, the two properties in Montagu Square and the property in Blandford Street. We will in the Findings section set out our views as to the merits of these comparable properties.

D. THE LAW

32. There is no argument that the basis of the valuation is as set out in section 9(1)(C) of the Act and we have borne in mind insofar as it is necessary in this case those provisions.

E. FINDINGS

33. Much has been agreed by the parties' valuers and it is really on the question of the freehold value that we need to concern ourselves with. We will however in passing make comment as to the valuation date and in due course the date of comparables for the purposes of assessment.
34. Insofar as the valuation date is concerned, the Act stipulates that is the date of service and accordingly we agree with Mr Hamilton that the appropriate date is the 26 July 2010, although it matters nothing in the grand scheme of things.
35. The question as to the date of sale of comparables to an extent depends upon the index that is preferred. We can say in this case that we find the index based upon the Land Registry data of more assistance to us. We appreciate there is an argument that Mr Cooper, in only going back one month from the date of completion, as shown on the Land Registry register, is insufficient. We agree with that. It seems to us that one should go back to the date when the offer was made and that would in our view be probably three months before the completion date. Allowing for the pre-contract investigations to be concluded and for the period between exchange and completion, it seems to us that one month is insufficient and three months closer to the reality. Accordingly, whilst we have used the Land Registry index for the purposes of the adjustment for time, it is on the basis that we have gone back three months from the relevant completion date to fix the date for the value.

36. Our reason for rejecting the Savills Index on this occasion is that we do believe the use by the Land Registry of actual figures is to be preferred where possible as against the Savills Index which is based upon valuations. It seems to us that there is sufficient evidence, particularly when dealing with prime central London properties to make use of the Land Registry index in this case.
37. We turn then to the assessment of the comparable evidence. Both valuers agree that the properties in Connaught Square were not of great help. Mr Hamilton firmly nailed his colours to the mast in using the two properties in Montagu Square which he said were both comparable to each other and were therefore reliable and provided assistance to us in determining the freehold value. For various reasons he believed that the other comparable properties in Great Cumberland Street, Blandford Street and Wyndham Place were not so helpful.
38. Having had the opportunity of inspecting the exterior of these properties, other than those in Connaught Square, we in fact concluded that the property at Cumberland Place was helpful in that it was similar to the subject property, although slightly larger, and the property in Blandford Street was also of assistance to us, although slightly smaller and in a more mixed commercial/residential environment. Whilst the two properties in Montagu Square were of help, we have no doubt that the fact that they are both to be found in a Square with all that that entails does make them superior to the subject premises. Not only are they in a quieter location, they have the benefit of the outlook of the Square and the use of the Square.
39. We accept that the property at Wyndham Place is perhaps too removed from the subject premises and also there is more of a commercial mix in nearby Crawford Street. This would, in our view, affect it as a reliable comparable.
40. The property in Cumberland Place seemed to us to have a similar location, with if anything a quieter environ, certainly at the time of our inspection, to the subject premises in George Street, and gave us assistance in reaching the final freehold value.
41. The assessment of the valuation for the freehold of the subject premises we find should be based upon the four properties, those in Montague Square, and the two houses in Cumberland Place and Blandford Street. By combining the pound per square footage figures for all four and taking the mean figure we believe that we have achieved the appropriate square footage rate to be applied to the subject premises. Taking the matter in

the round, we differ from Mr Hamilton and Mr Cooper insofar as our assessment of the worth of the Square location for the two properties in Montagu Square. Mr Cooper made an adjustment of 25% which we think is too great, but Mr Hamilton conversely made an adjustment of only 5% which we think is too little. Our view is that on the basis of the evidence before us and our inspection of the subject premises and the comparables, that an allowance of 15% accurately reflects the difference between those properties in Montagu Square and the subject premises. Neither Mr Cooper nor Mr Hamilton could produce any hard evidence to justify their allowances. It is a question of standing back and reviewing the evidence before us and our inspection and on that basis we are content with an adjustment of 15% in this case. We accept a 2.5% allowance in relation to the off-street parking which is confined to 19 Montagu Square. Undoubtedly that has a benefit in this area of London.

42. So far as the Blandford Street property is concerned, we heard all that was said by both valuers. We believe that the square footage has now been agreed at 3,315 to make allowance for the loft space. However, we believe that the location in Blandford Street is not so good as that in George Street. Certainly there is a commercial mix, both to the front and the rear of the property. We conclude that there should be a 10% uplift to show the difference between the two properties. Insofar as Great Cumberland Place is concerned, we concluded that this had a very similar location and that no adjustments needed to be made. We therefore set out in tabular form the four comparable properties that we find assisted us most in reaching the assessment of the freehold vacant possession value.

Address	OSP	Assumed Sale Date	Price	Sq ft	£ psf	Adj OSP	LR Index	Adj time	Condition	Adj condition	Loc Adjust ment	Final
60 Montagu Sq	0.00%	15-Apr-08	5,930,000	4499	£1,318	1,318	2.11%	£1,346	£0	£1,346	-15%	£1,144
19 Montagu Sq	2.50%	15-Mar-09	9,000,000	6343	£1,419	1,383	16.75%	£1,615	-£300	£1,315	-15%	£1,118
61 Blandford St	0	26-Nov-09	3,150,000	3315	£950	950	6.04%	£1,008	-£100	£908	10%	£998
53 Gt Cumberland Place	0	28-Mar-07	5,050,000	5719	£883	883	22.72%	£1,084	£0	£1,084	0%	£1,084
										average		£1,086
											Floor Area	4153
												£4,510,046

We have preferred Mr Hamilton's deduction in respect of condition. Mr Cooper's use only of those sales particulars which referred to "refurbishment" seems to us to be wrong. We believe that the £300 per square foot for 19 Montagu Square and £100 per square foot for

Blandford Street are perfectly reasonable allowances to be made with no other alteration necessary for the other two comparable properties. Adjusting therefore for the use of the Land Registry index for time gives the square footage figures shown above, which taken as an average lead us to the conclusion that the freehold vacant possession figure applicable for the purposes of the valuation for the subject premises is £4.5 million. We have therefore applied that as set out in the attached valuation to the other elements applicable which leads us to the finding that the sum of £80,747 is payable for the purchase of the freehold.

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ANDREW A DUTTON

Dated.....

VALUATION OF ENFRANCHISEMENT PREMIUM

121 George Street, London W1

	£	£	£
Value of Freeholder's and Head Lessee's Interests			
<u>Ground rent</u>			
As per attached valuation			£5,466
Reversion Freehold vacant possession (4,153 sq ft @ £905 per sq ft)	£4,500,000		
<i>Deferred 88.15 yrs @ 4.75%</i>		0.016729	<u>£75,281</u>
Total Enfranchisement Price			£80,747

Property

121 GEORGE STREET, LONDON W1

HEADLEASE DETAILS

DATE	14/11/1975			
TERM	125			
EXPIRY DATE	29/09/1998			
UNEXPIRED TERM	88.18 years			Apportioned
GROUND RENT	£2,000	to	29-Sep-00	£148
	£2,500	to	29-Sep-25	£185
	£3,200	from	29-Sep-25	£237
	£4,000	from	29-Sep-50	£296
	£5,000	from	29-Sep-75	£370

SUBLEASE DETAILS

DATE	30/03/76		
TERM	125 years less 10 days		
START DATE	29/09/73		
EXPIRY DATE	18/09/98		
UNEXPIRED TERM	88.15 years		
GROUND RENT	£200	to	28-Sep-98
	£275	from	29-Sep-98
	£400	from	29-Sep-23
	£600	from	29-Sep-48
	£900	from	29-Sep-73

VALUE OF FREEHOLDER'S INTEREST

<u>TERM 1</u>	RENT				£185	
	x YP	15.18 years	@	6.00%	9.784	£1,810
<u>TERM 2</u>	RENT				£237	
	x YP	25.00 years	@	6.00%	12.783	
	x PV	15.18 years	@	6.00%	0.412944	£1,251
<u>TERM 3</u>	RENT				£296	
		25.00 years	@	6.00%	12.783	
		40.18 years	@	6.00%	0.096219	£364
<u>TERM 4</u>	RENT				£370	
	x YP	23.00 years	@	6.00%	12.304	
	x PV	65.18 years	@	6.00%	0.022420	£102
						£3,527

VALUE OF HEADLESSEE'S INTEREST

<u>TERM 1</u>	Rent received			£275	
	Ren paid			£185	
	Profit rent			£90	
	x YP	13.18 years @	7.00%	<u>8.428</u>	£759
<u>TERM 2</u>	Rent received			£400	
	Ren paid			£185	
	Profit rent			£215	
	x YP	2.00 years @	7.00%	1.809	
	x PV	13.18 year @	7.00%	<u>0.410017</u>	£159
<u>TERM 3</u>	Rent received			£400	
	Ren paid			£237	
	Profit rent			£163	
	x YP	23.00 years @	7.00%	11.272	
	x PV	15.18 years @	7.00%	<u>0.358092</u>	£658
<u>TERM 4</u>	Rent received			£600	
	Ren paid			£237	
	Profit rent			£363	
	x YP	2.00 years @	7.00%	1.807	
	x PV	38.18 years @	7.00%	<u>0.075535</u>	£50
<u>TERM 5</u>	Rent received			£600	
	Ren paid			£296	
	Profit rent			£304	
	x YP	23.00 years @	7.00%	11.272	
	x PV	40.18 years @	7.00%	<u>0.065981</u>	£226
<u>TERM 6</u>	Rent received			£900	
	Ren paid			£296	
	Profit rent			£604	
	x YP	2.00 years @	7.00%	1.807	
	x PV	63.18 years @	7.00%	<u>0.013918</u>	£15
<u>TERM 7</u>	Rent received			£900	
	Ren paid			£370	
	Profit rent			£530	
	x YP	23.00 years @	7.00%	11.272	
	x PV	65.18 years @	7.00%	<u>0.012158</u>	£73
					<u>£1,939 Agreed</u>
	<i>Payable to head lessee</i>				<u>£5,466</u>
	<i>Total Capitalisation of ground rent</i>				
Amount payable to head lessee				£1,939	