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Ref LON//00AF/OCE/20110176

**LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT  
PANEL**

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON APPLICATION  
UNDER SECTION 24 OF THE LEASEHOLD REFORM, HOUSING AND URBAN  
DEVELOPMENT ACT 1993**

**Applicants** Avenue Court Limited

**Respondent:** Daejan Properties Limited

**Re:** Avenue Court, Avenue Road, Penge, London  
SE20 7RX

**Date of Tenant's notice:** 11<sup>th</sup> March 2011

**Date of Counter Notice:** 20<sup>th</sup> May 2011

**Application date:** 11<sup>th</sup> August 2011

**Hearing date:** 6<sup>th</sup> and 13<sup>th</sup> December 2011 and 6<sup>th</sup> March 2012

**Date of Inspection** 6<sup>th</sup> March 2012

**Valuation date:** 11<sup>th</sup> March 2011

**Appearances:** For the Applicants:  
Mr S Gallagher of counsel instructed by Anthony  
Gold and Co Solicitors  
Mr J Dean MA MRICS valuer

For the Respondent  
Mr E Cole of counsel instructed by  
Wallace & Co solicitors  
Mr R Sharp B SC(Est Man) FRICS valuer

**Members of the Leasehold Valuation Tribunal:**

Mr P L Leighton LLB(Hons)  
Mrs S Redmond MRICS BSc(Econ)

**Date of Tribunal's decision:** 26<sup>th</sup> April 2012

## DECISION

### Introduction

- 1 By an application dated 11th August 2011 the Applicants, Avenue Court Limited, applied to the Tribunal for a determination of the premium payable for the enfranchisement of the property known as Avenue Court, Avenue Road, Penge, London SE 20 7RX ("the block") pursuant to Section 24 of the Leasehold Reform, Housing and Urban Development Act 1993 ("The Act").
- 2 Directions were given on 31st August 2011 and the matter first came before the Tribunal for hearing on 6th December 2011 when it was not possible to proceed and further directions were given. The matter was then heard by the tribunal on 13th December 2011 and 6<sup>th</sup> March 2012. The applicants were represented by Mr S Gallagher of counsel and the respondent by Mr E Cole of counsel. Evidence was given by Mr Jonathan Dean MRICS valuer on behalf of the Applicant and Mr Robin Sharp FRICS valuer on behalf of the Respondent.

### Inspection

- 3 The Tribunal inspected the property on 6th March 2012 in the company of Ms Lindsay Palmer one of the leaseholders in the block. The block which comprises 28 flats was constructed in the 1930s and is L-shaped on four storeys with external rear access to each flat from metal staircases. At the front is a large grassed area with paths leading to 4 separate entrances to the building. There are some commercial buildings nearby and the block is fairly close to the junction of Avenue Road with Croydon Road.
- 4 The interior of the building consists of common parts of a very basic character. The floors are covered in Lino and there are steep narrow staircases from ground floor level to the top of the building. There are no lifts in any part of the block.
- 5 The Tribunal inspected flats 3, 10, 12 a, 14, and 28 all of which were of similar design consisting of two bedrooms, kitchen, bathroom/WC. The Tribunal noted gas fired central heating and refurbished kitchens and bathrooms. The flats

- themselves were quite small and of compact design with small hallways with gross internal areas of between 509 ft.<sup>2</sup> to 538 square feet.
- 6 The building externally was in a reasonable state of repair and decoration and the internal common parts were reasonably clean at the time the inspection.
- 7 the Tribunal also drove past a number of other blocks in the area which had been cited as comparables by the valuers namely: Sanctuary Court, Stanmore Court, Sherbourne Court, Roberts Court, Brooklyn Court and Grove Court. **The Leases**
- 8 The freehold of the property is held by the respondent who has granted four long leases of 999 years from 19th October 2010 at a peppercorn to Brickville Properties Limited
- 9 The freehold is therefore subject to 4 long head leases of 999 years in respect of Flats 1-8, 9-12,12A -20 and 21-28. There are 28 sub leases each of 99 years from 25<sup>th</sup> December 1979, apart from Flat 3 which is expressed to be for 99 years from 25<sup>th</sup> December 1980.
- 10 The sub leases have different ground rents. Flats 2,5,7,8,12a 15,18,20,22,23,25,26,27 and 28 pay £75 for the first 33 years, £150 for the next 33 years and £225 for the remainder of the leases ..Flats 3, 4, 6 10, 12,14,17,19 and 24 have rents of £50 for the first 33 years, £75 for the next 33 and £100 for the remainder of their leases.
- 11 There is no ground rent payable in respect of Flats1, 9, 11, 16 and 21 as these are retained by the landlord.
- 12 Each of the leases has full repairing covenants and pays a service charge of 3.59% of the cost of services to the block including maintenance, decoration and lighting of common parts, insurance and maintenance of the green areas around the blocks.
- 13 At the date of the hearing there were 20 participating tenants, 3 non participating (namely flats15, 20 and 23) and five retained by the landlord as set out above.

### **Agreed Matters**

- 14 It has been agreed by the parties that
- (a) The valuation date is 15th March 2011

- (b) The unexpired term at the valuation date is 67.78 years...
- (c) No value is to be attributed to the non participating flats which are the subject of option agreements between the head lessee and the lessees to grant overriding leases of the flats on the terms agreed on the collective enfranchisement
- (d) The landlord Daejan to be granted overriding leases in respect of Flats 1,9,11 16 and 21 and that no value is to be attached to these flats
- (e) The capitalisation yield on ground rents to be set at 7%
- (f) Leasehold improvements to be disregarded include the installation of gas central heating but the Applicants' valuer contends that further items in kitchens and bathrooms should also be disregarded
- (g) A schedule of 10 flats sold within the block within 2 years of the valuation date for various unexpired terms at prices agreed

15 The following items are in dispute

- (a) The value of the extended leases. The tenants contended for a figure of £130,000 and the landlord argued for a figure of between £140,750 and £142,750
- (b) The value of the existing leases. The tenants contend for a figure of £117,500 and the landlord for a figure of £115,000
- (c) The deferment rate to be applied. The tenants contend for a figure of 5.75% and the landlord for 5%
- (d) Relativity. The tenants contend for a figure of 90.38 % and the landlord for a figure of 80.91%
- (e) Items of improvement other than central heating
- (f) The value of the freehold interest. The tenants contend that the value of the freehold other than in respect of the leasehold interests in the flats is nominal whereas the landlord seeks
  - (i) a sum of £18,000 for release of the covenants in the head leases and

(ii) A sum of £10,000 for the ability to create site amenities and in particular car parking spaces on the green areas adjacent to the block

(g) With regard to the values of the leases in the individual blocks and the freehold the parties have contended for the following values for each block and their figures for the final premium to be paid

	Tenant	Landlord
Block1 ((Flats 2-8)	£60,179	£118,966
Block 2 (Flats 9-12)	£16,832	£33,677
Block 3 (Flats 12A to 20 excluding 15, 16 and 20)	£42,777	£84,605
Block 4(*Flats 21-28 excluding Flats 21 and 23)	£52,238	£102,658
Freehold (see (f) above)	200	£28,000
<b>Total</b>	<b>£172,226</b>	<b>£367,906</b>

## The Evidence

### Extended Lease Value

16 The Tribunal received evidence from the valuers who had agreed a schedule of properties in the block, and in neighbouring blocks including Roberts, Brooklyn, Sherborne, Stanmore and Sanctuary Courts which are set out in Appendix 3 of Mr Sharp's second supplemental report

17 With regard to improvements Mr Dean has made a number of assumptions namely

(1) that each kitchen has a range of basic wall and floor units without fitted appliances

(2) That the bathrooms provide relatively basic facilities

(3) that there is no permanent space heating

(4) that there are no floor coverings

(5) that there are steel framed windows

Mr Sharp did not consider that any value could be attributed to the improvements other than the central heating.

18

Mr Dean has relied upon the following comparables

(a) 8 Avenue Court sold on 17th March 2011 for £125,000 newly refurbished

(b) 23 Avenue Court a first-floor flat sold on the 19th March 2010 for £125,000

(c) 7 Avenue Court a third floor two-bedroom flat sold on 25th September 2009 for £128,000

(d) Flat 22 Sherborne Court a two bedroom flat sold on 3rd August 2011 for £135,000 . The flat has central heating and double glazing and has 78.5 years unexpired on the lease

(e) Flat 4 Sherborne court a two-bedroom flat on first-floor sold on 20th December 2010 for £135,000 pounds. It has a floor area of 56.1 square metres and is therefore larger than the subject premises and had the benefit of a modern kitchen and bathroom. There was 105 years unexpired of a 125 year lease

(f) Flat 1 Roberts Court, Maple Road a two bedroom flat sold for if £139,000 on 27th August 2010 with 97.5 years unexpired on the lease

(g) Flat 8 Roberts, Court Maple Road

A two-bedroom first-floor flat sold on 17th June 2011 for £138,000 with a floor area of 51 square metres and is significantly larger than the subject premises. It has the benefit of a garage and is fully double glazed. There is 96.5 years unexpired on the lease

(h) Flat 25 Brooklyn Anerley Road a two bedroom third floor flat sold on 8<sup>th</sup> June 2011 for £155,000. It has extensive views a floor area of 64sq metres close to Anerley Station and with 104 years unexpired on the lease

(j) Flat 1 Stanmore Court, Croydon Road a two bedroom ground floor flat sold on 25<sup>th</sup> July 2011 for £129,000. It has benefit of off street parking , an

en suite shower , double glazing and central heating , a floor area of 65.5 sq metres and a 999 year lease

19 Mr Sharp accepts the comparables but considers that in most cases they are less attractive than the properties at Avenue Court. He states that all properties at Avenue Court have a rear access staircase and that they are in a quieter location than any of the comparables. He does not accept that properties closer to Crystal Palace are more attractive. He maintains that the block at Avenue Court is well maintained and managed and that the service charge of £1,000 per annum is not excessive.

20 In relation to Sanctuary Court he maintains that this property is close to commercial premises and therefore less valuable. He states that the larger size is preferable to the kitchen/diner area and not the bedrooms.

21 Stanmore Court is further away than Sanctuary on the corner of Oak Grove and Croydon Road and is therefore noisier. He states that the garage is very dilapidated and unusable he states that the land at the back has no planning permission for further development of flats and there is no evidence of additional value arising from such a speculative development

22 Flat 22 Sherborne Court is 1/4 miles away from the subject property on a busy road junction. It is less attractive and multi-storey and there is limited off street parking available. He also considers that flat 4 is not a helpful, comparable.

23 In relation to Roberts Court and he considers that this is in a poorer location comprising tower blocks and two storey buildings. Flat 1 is opposite the Maple public house and the Golden Lion. He also considers that the properties at Grove Court and Brooklyn are less attractive and in a poorer location.

24 As a result Mr Sharp considers that the flats at Avenue Court enjoy a greater value than those in the other blocks.

### The Tribunal's Conclusions

- 25 The Tribunal was unable to inspect any of the comparables internally but considered the area in which they were situated was fairly similar to that of Avenue Court. Of the flats which the tribunal inspected in Avenue Court it considered that they were of a fairly basic type.
- 26 The tribunal disagreed with Mr Sharp that the surrounding blocks were inferior to the subject block. Brooklyn and Grove Court are some distance away and not of great assistance.
- 27 Despite differences in flat sizes, age of the blocks and number of storeys we conclude that the other blocks are good comparables. Leaving aside Brooklyn Court, the agreed comparables range from £129,000 to £139,000 with Sanctuary Court at £160,000. We considered the differing features could be balanced out and that a reasonable figure for the extended lease value unimproved of the subject flats is £135,000 based on market transactions. Mr Dean has arrived at his extended lease value of £130,000 by applying a relativity to the existing lease values of flats in the subject block and allowing for improvements but the Tribunal preferred Mr Sharps starting point from transaction evidence of long leases. The Tribunal found that Mr Dean's deductions for improvements were too high for small flats of this type and concludes that only minor adjustments should be made for improvements, and that it is safer to rely upon market transactions.

### Existing Lease Values

- 28 Mr Dean contended for a figure of £117,500 which reflected a relativity of 90.38% whereas Mr Sharp contended for a figure of £115,00 which on an extended lease value of £140,000 represented 81%
- 29 .Mr Dean based his conclusion on the five relativity graphs for Greater London, settlement evidence which he had obtained and reference to the RICS Research graph which he stated produced figures of between 89.67 and 91.6% the average of which was 91.12%



- 30 He also relied upon a number of settlements he had reached on properties in South and South East London and stated that he had preferred the settlements some of which were based on the RICS graph and arrived at a figure of 90.5%
- 31 Mr Dean used an average of the sales of the three flats in the block with short leases referred to in the agreed list of comparables. Adjusting for time and improvements this produced £123,759. He made a further adjustment for the 'No Act' world 'in recognition of prevailing practice'. Mr Sharp took the average of two sales of existing leases within the block (Flats 8 and 23) and applied a no act world discount of 10%. This produced a figure of £110,700 which he accepted was too low. He therefore opted for a figure of £115,000 which he said was slightly below the Becket and Kay Mortgage Dependant graph. He argued that because of the difficulty of obtaining mortgage finance in the current market that it is not appropriate to rely on suburban graphs of relativity, especially where there is compelling evidence in the market.
- 32 Mr Cole argued more reliance should be placed on settlement evidence in this 'mortgage dependent' market than graphs with adjustments for 'no act world' and 'rounding to take account of lease length'. Mr Gallagher argued against placing too high a figure on the no act world discount and said that market evidence should be treated with caution as the details were often unclear and were often subject to the Delaforce effect.

### **The Tribunal's Conclusions**

- 33 There is little between the valuers on the actual figures for the existing lease values, the greater difference falling on the extended lease values. As the tribunal has taken a figure of £135,000 for the extended lease value it considers that the figure of £117,500 is an appropriate figure for the existing lease values. This represents a relativity of about 87% which is slightly below the figures in the graphs but appears to the tribunal to be reasonable.

## **245 Deferment Rate**

34 Mr Dean argued that the deferment rate should depart from the normal figure of 5% applied by the Lands Tribunal in **Sportelli –v- Earl Cadogan** .He relied upon the later decision of **Zuckerman and others-v- Calthrope Estates2009 UK UT235** which is often referred to as the Kelton Court decision as it refers to an estate of that name in Birmingham

35 He contended for a figure of 5.75% adding one quarter per cent for each of three factors which he said were present in the block

(a) **Obsolescence:**

The Kelton Court decision was based on the fact that the value of the flats in that block was £197 per sq ft as against £1,100 in Sportelli. Mr Dean contended that since the flats were 484-517 sq feet and in his opinion only worth £130,000 the amount per square ft for this block on average was between £251-£268. The cost of repairing such flats was such that an investor might conclude that there would be significant deterioration in value by the end of the lease.

36 **(b) Additional Management Risks**

Mr Dean contended that because of the additional procedural burdens placed on landlords as a result of the Service Charges (Consultation Requirements) Regulations 2003 (the 2003 regulations) before major works could be carried out to the block. the risk of making an error added to the risk factor for an investor and in Mr Dean's view justified a further one quarter per cent

37 **(c) Capital Growth Expectations**

Mr Dean drew attention to the difference in the rate of growth as referred to in the Kelton Court case and referred to Land Registry figures for rates of growth in Prime Central London areas and the London Borough of Bromley he referred to the fact that over a period of 16 years a flat in Kensington nhad increased by 483% whereas a flat in Bromley had increased by only 311%

38 He also draws a comparison with the lease at 23 Avenue Court which was sold in January 1984 for £20,250,, which he now maintains is worth £130,000 with an

extended lease. He states that this shows that the value of the lease has not increased in line with that in Greater London generally where the index shows that properties (including houses and flats) have increased by a factor 7.51. He also states that it has not kept pace with the UK index which shows a factor of 6.5. He maintains that this would produce a price of £131,625 whereas he has valued the property at merely £130,000

39 He states that the expectation of growth for flats in this area, which is partly commercial and partly residential and not close to a railway station is considerably less than that for properties in the Prime Central London area. He therefore seeks to add a further 0.25% to reflect this factor.

40 Mr Sharp contends that the figure of 5% as laid down in Sportelli should only be departed from in exceptional circumstances as stated by Mr N Rose in a **Lethaby ( 245 Glynn Road)[2010] UK UT 86LC** Mr Cole also referred to other Lands Tribunal decisions in **Sherwood Hall –v- Magnolia Tree Limited** and **Culley –v- Daejan Properties Limited** where the rate has been applied

41 Mr Cole submitted that the applicants were not treating the case as an exception and reminded the tribunal that the decision in 245 Glynn Road was a borderline case based on the condition of the premises which were a converted property and not a purpose built block of flats. He maintained that service charges were sufficient to maintain the block in a reasonable condition

42 He also maintained that the risk involving the 2003 regulations was now significantly reduced as managing agents were very familiar with the principles involved and the necessity to serve the appropriate notices and consult with leaseholders. There is no history of failure to comply in Avenue Court itself

43 With regard to capital growth expectations Mr Cole submits that it is not appropriate to make direct comparisons with the figures in Kelton Court which were in any event showing a greater disparity than those in Avenue Court. There are also decisions of the tribunal upholding deferment rate of 5% in similar cases

### The Tribunal's Decision

- 44 The tribunal accepts the general proposition that it is only permissible to depart from the deferment rate of 5% as laid down in **Sportelli** in exceptional circumstances
- 45 The tribunal does accept however that there are some exceptional circumstances in this case in that the general condition of flats is of a relatively poor standard, and the rates per square foot are significantly lower than those for Prime Central London Area
- 46 The tribunal does not consider, however, that the risk of additional Management burdens arising from the 2003 regulations justifies any increase in the deferment rate
- 47 in this case the tribunal considers that they deferment rate of 5.25% is justified to reflect the possible risk of obsolescence in the block, the low values per square foot together with high repairing costs might have the effect of discouraging the purchaser. In the view of the tribunal no further increase in deferment rate is justified

### Improvements

- 48 Mr Dean has argued that Improvements up to £7,000 should be awarded He has contended for £2,250 for double glazing, £2500 for central heating, £2000 being 50% of modernising kitchens and £500 being 25% of modernising bathrooms
- 49 Mr Sharp argues that nothing should be allowed for improvements since in most cases these are replacement of existing facilities and therefore part of the tenants' covenants to repair or replace. The only improvement which might qualify would be the central heating which has been installed in the flats but he argues that the tenants must establish what was present at the commencement of the leases and that what has been installed now amounts to an improvement, bearing in mind that there was space heating in the flats originally and that the replacement of the heating system is part of the tenants covenants.

50 With regard to kitchens and bathrooms he argues that these are also subject to repairing covenants and that replacement from time to time is simply a performance of the covenant including replacement with a modern equivalent. He stresses that the current items in the flat are not new and not of great value so that even if anything were allowed for improvements it should not be the full improvement cost has contended for by Mr Dean.

### **The Tribunal's Decision**

51 The tribunal has taken into account the general condition of the flats and does not consider that the applicants have established that the improvements for which they contend should be allowed. Therefore the tribunal makes no specific deductions from the extended lease values of the alleged improvements but as Mr Gallagher has suggested has taken into account the general condition of the flats unimproved in arriving at the extended lease values.

### **The value of the Freehold**

#### **(a) Release of covenants /Common Parts**

52 Mr Sharp contends that there is a value of £18,000 derived from the vacant possession values of all the flats of the participators at 1% because not all may wish to have extended leases and this represents the control which the freeholder will retain over the unlet and common parts. It relates especially to the loft space above the seven third-floor flats each of which could be used as storage or a space for a boiler for the flat below which would be of value to the occupier. It also represents the value relating to the ability to control and derive premiums from the merging of two flats into one

53 The applicants do not accept that the ability to control the common parts has more than a nominal value of £100. Mr Gallagher does not accept that any value can be attached to the storage spaces in the lofts and that the ability to control the common parts is purely nominal value since it could

not be disposed separately. In any event he contends that a figure £18,000 is unrealistic.

54 Mr Sharp contends that the green area in the middle of the block could be used for 13 car parking spaces along the oblong of the block and two more at the front of the block. He values each of the car parking spaces at £3,500 but has discounted the possibility of development by 80% to reflect the risks of not obtaining planning permission. The plan shows that the main area is 38m by 8m and Mr Cole contends that it would allow 2.9m which would be wide enough to accommodate the average motorcar as well as allowing space to manoeuvre in and out. It would also still leaves the garden space at the rear of the block used by residents for placing washing, tables and chairs and storage in the old air raid shelter. Mr Sharp maintains that the cost of this would not be excessive and that the figure of £10,000 is a modest addition to reflect the value of the Freehold.

55 Mr Gallagher on behalf of the applicant maintains that there are too many uncertainties to allow anything other than a nominal sum. First he contends that local authorities tend to limit car parking since this would limit on street parking because of the need for a crossover. Mr Dean is of the opinion that planning permission would be most unlikely.

56 In addition Mr Dean contends that the area is not wide enough for a turning head at the far end or sufficient room to get cars in and out of spaces - the standard dimension of a parking space is 2.4m by 4.8m and a further 7.2m is needed in front for turning. The cost of this work also has to be factored in and if such a project were considered viable Mr Gallagher expresses some surprise that the landlord has not already incorporated this development into the estate. **The Tribunal's Decision**

57 With regard to the loft spaces and the common parts of the property the tribunal is of the opinion that most of this space is probably not usable, that it would be difficult if not impossible to dispose of it separately from the estate as a whole and while it is not entirely valueless the tribunal

should only apply a modest premium for this element. The tribunal therefore awards the sum of £100.


58 With regard to the question of car parking development the tribunal is not persuaded that this is a viable option for the reasons advanced by Mr Gallagher. Mr Sharpe has already discounted this proposal by up to 80% and in the view of the tribunal this is very speculative. However, the Tribunal considers that the the nominal £100 proposed by the applicants is too low and determines a price of £2,000.

### Conclusion

59 In the light of its conclusions on each of the disputed items it has arrived at a premium of £ 236,848 for the acquisition of the block. Details of the valuation are set out in the Appendix hereto.

Chairman Peter Leighton

Date 26<sup>th</sup> April 2012



**LEASEHOLD REFORM, HOUSING & URBAN DEVELOPMENT ACT 1993  
VALUATION FOR FREEHOLD ENFRANCHISEMENT**

**Facts and Matters agreed:**

Valuation date: 15/03/2011  
 Unexpired term: 67.78 years  
 Ground Rent: rising after 1.78 years for 33 years and a further 33 years  
 amounts vary for individual flats as shown in calculation  
 No value is to be attributed to 'Freshwater flats' and non-participating flats 1, 9, 11, 16 and 21  
 Capitalisation of ground rent 7%

**Matters determined:**

Deferment rate for the reversi 5.25%  
 Virtual freehold value £135,000  
 Relativity approximately 87%  
 Existing lease value £117,500  
 Value of blue land for parking £2,000  
 Value of release of covenants £100  
 Compensation under paragra Nil

**(1) Flats 1-8 Avenue Court (excluding Flat 1)**

**Diminution in Value of Headleaseholder's interest**

	£	£	£
Ground rent payable p.a. 2,5,7,8 @ £75	300		
Ground rent payable p.a. 3,4,6 @ £50	150	450	
YP 1.78 years @ 7%		<u>1.62</u>	729
Ground rent payable p.a. 2,5,7,8 @ £150	600		
Ground rent payable p.a.3 @ £75	75		
Ground rent payable p.a.4,6 @ £100	200	875	
YP 33 years @ 7%	12.754		
deferred 1.78 years @ 7%	0.8865	11.3069	9,894
Ground rent payable p.a.2,5,8 @ £225	675		
Ground rent payable p.a.3 @ £100	100		
Ground rent payable p.a.4,6 @ £150	300		
Ground rent payable p.a.7 @ £300	300	1,375	
YP 33 years @ 7%	12.754		
deferred 34.78 years @ 7%	0.0960	1.2240	1,683
Reversion to virtual Freehold value - 7 flats		945,000	
deferred 67.78 years at 5.25%		<u>0.0311735</u>	29,459
			<u>41,764</u>

**Calculation of Marriage Value**

Value of Participators' flats - unimproved freehold	945,000		
Landlord's interest after enfranchisement	Nil	945,000	
Less			
Existing value of Landlord's interest	41,764		
Existing value of leasehold flats unimproved	822,500	864,264	
Marriage value		80,736	
50% share of Marriage value			<u>40,368</u>
<b>Price payable</b>			<b>82,132</b>



**(2) Flats 9-12 Avenue Court (excluding Flats 9 &11)****Diminution in Value of Headleaseholder's interest**

Ground rent payable p.a. 10,12 @ £50		100	
YP 1.78 years @ 7%		<u>1.62</u>	162
Ground rent payable p.a.10,12 @ £100		200	
YP 33 years @ 7%	12.754		
deferred 1.78 years @ 7%	<u>0.8865</u>	<u>11.3069</u>	2,261
Ground rent payable p.a.10,12 @ £150		300	
YP 33 years @ 7%	12.754		
deferred 34.78 years @ 7%	<u>0.0960</u>	<u>1.2240</u>	367
Reversion to virtual Freehold value - 2 flats		270,000	
deferred 67.78 years at 5.25%		<u>0.0311735</u>	8,417
			<u>11,207</u>

**Calculation of Marriage Value**

Value of Participators' flats - unimproved freehold	£270,000		
Landlord's interest after enfranchisement	<u>Nil</u>	270,000	
Less			
Existing value of Landlord's interest	11,207		
Existing value of leasehold flats unimproved	<u>235,000</u>	<u>246,207</u>	
Marriage value		23,793	
50% share of Marriage value			<u>11,896</u>
<b>Price payable</b>			<b>23,104</b>

**(3) Flats 12A-20 Avenue Court (excluding Flats 15,16,20)****Diminution in Value of Headleaseholder's interest**

Ground rent payable p.a. 12A,18 @ £75	150		
Ground rent payable p.a. 14,17,19 @ £50	<u>150</u>	300	
YP 1.78 years @ 7%		<u>1.62</u>	486
Ground rent payable p.a. 12A,18 @ £150	300		
Ground rent payable p.a. 14,17,19 @ £100	<u>300</u>	600	
YP 33 years @ 7%	12.754		
deferred 1.78 years @ 7%	<u>0.8865</u>	<u>11.3069</u>	6,784
Ground rent payable p.a. 12A,18 @ £225	450		
Ground rent payable p.a. 14,17,19 @ £150	<u>450</u>	900	
YP 33 years @ 7%	12.754		
deferred 34.78 years @ 7%	<u>0.0960</u>	<u>1.2240</u>	1,102
Reversion to virtual Freehold value - 5 flats		675,000	
deferred 67.78 years at 5.25%		<u>0.0311735</u>	21,042
			<u>29,414</u>

**Calculation of Marriage Value**

Value of Participators' flats - unimproved freehold	675,000		
Landlord's interest after enfranchisement	<u>Nil</u>	675,000	
Less			
Existing value of Landlord's interest	29,414		
Existing value of leasehold flats unimproved	<u>587,500</u>	<u>616,914</u>	

Marriage value	58,086	
50% share of Marriage value		<u>29,043</u>
<b>Price payable</b>		<b>58,457</b>

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**(4) Flats 21-28 Avenue Court (excluding Flats 21, 23)**

**Diminution in Value of Headleaseholder's interest**

Ground rent payable p.a. 22,25,26,27,28 @ £7	375		
Ground rent payable p.a. 24 @ £50	<u>50</u>	425	
YP 1.78 years @ 7%		<u>1.62</u>	689
Ground rent payable p.a. 22,25,26,27,28 @ £1	750		
Ground rent payable p.a. 24 @ £100	<u>100</u>	850	
YP 33 years @ 7%	12.754		
deferred 1.78 years @ 7%	<u>0.8865</u>	<u>11.3069</u>	9,611
Ground rent payable p.a. 22,25,26,27,28 @ £2	1,125		
Ground rent payable p.a. 24 @ £150	<u>150</u>	1,275	
YP 33 years @ 7%	12.754		
deferred 34.78 years @ 7%	<u>0.0960</u>	<u>1.2240</u>	1,561
Reversion to virtual Freehold value - 6 flats		810,000	
deferred 67.78 years at 5.25%		<u>0.0311735</u>	<u>25,251</u>
			37,110

**Calculation of Marriage Value**

Value of Participators' flats - unimproved freehold	810,000	
Landlord's interest after enfranchisement	<u>Nil</u>	810,000
Less		
Existing value of Landlord's interest	37,110	
Existing value of leasehold flats unimproved	<u>705,000</u>	<u>742,110</u>
Marriage value		67,890
50% share of Marriage value		<u>33,945</u>

**Price payable** **71,055**

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**Total Price payable**

(1)	Flats 1-8	82,132
(2)	Flats 9-12	23,104
(3)	Flats 12A-20	58,457
(4)	Flats 21-28	71,055
	Common and appurtenant land	2,000
	Release of freehold covenants	<u>100</u>
	<b>TOTAL PRICE PAYABLE</b>	<b><u>£236,848</u></b>