



Residential
Property
TRIBUNAL SERVICE

7511

RESIDENTIAL PROPERTY TRIBUNAL SERVICES
LANDLORD AND TENANT ACT 1985, SECTIONS 20ZA and 27A
LANDLORD AND TENANT ACT 1987, SECTION 24

REF: LON/00BK/LSC/2011/0786

PROPERTY: ALDFORD HOUSE, PARK LANE, LONDON W1

APPLICANT: PARK LANE HOLDINGS INC

RESPONDENT: JANE MUNRO (The Manager appointed by Order of the Tribunal dated 6th July 2011) and the Leaseholders identified in the Order attached hereto.

APPEARANCES: Mr. S. Jourdan QC
Ms S. Yates (SNR Denton UK LLP (Solicitors))
Mr J. Cridge (SNR Denton UK LLP (Solicitors))

For the Applicant

Mr. J. CLARGO (Counsel for the proposed manager)
Mr J. McCARTHY (Liddigans LLP Solicitors
for the proposed manager)
Mr C. WATSON (Proposed manager of Douglas & Gordon Ltd)
Mr. K. RUTGER (Property Manager at Douglas & Gordon Ltd)
Mr. A. WALDER (Counsel for the Leaseholders of Flats 11,
21, 22, 24, 25, 40, 41 and 80 – as identified in the order attached)
Ms. L. HAMIDIE (Allen Low & Co, solicitors for the immediately
above mentioned leaseholders)

For the Respondent

Date of Application: 16th November 2011

Date of oral pre-trial review and directions: 7th December 2011

Date of Hearing: 18th January 2012

Date of Decision and Order: 23rd January 2012

Members of Tribunal: Mr S Shaw LLB (Hons) MCI Arb
Mr L. Jarero BSc FRICS
Mr A. Ring

DECISION

Introduction

1. This case involves two applications, both dated 16 November 2011 and both made by Park Lane Holdings Inc (“the Applicant”). The Applicant is the head leasehold owner of Aldford House, Park Lane, London W1 (“the Property”). The Property is a building in a prestigious part of Central London comprising commercial premises and two flats on the ground, lower ground and mezzanine floors and 29 flats on the first to eighth floors. Despite its prestigious location, the property is in an advanced state of disrepair, and a Dangerous Structure Notice has been served by Westminster City Council, which council has also applied to the Magistrates Court for an order that the Applicant carries out the works to which that notice relates.
2. By an Order dated 6 July 2011, Jane Munro of Douglas & Gordon Limited was appointed by the Tribunal as manager and receiver of the residential part of the property for a period of 18 months with effect from 7th July 2011. However, the named manager left Douglas & Gordon about a month after the Order was made and has played no part in the management of the property ever since. Instead, a Mr Calum Watson took over as informal and acting manager but has not been able to progress the management of the property, for the reason referred to briefly below. Jane Munro has been joined as a Respondent to this application and the other Respondents are the leaseholders (or more accurately the under-leaseholders) of the various flats at the property. They will be referred to collectively in this decision as the “Respondents”.

3. Directions were given in both cases at an oral pre-trial review which took place on 7th December 2011 at which the Applicant and the under-lessees of some of the flats were professionally represented. In addition the proposed new manager, Mr Calum Watson, was represented by both counsel and solicitor. Because of the urgency caused by the service of the Local Authority notice referred to above, an expedited hearing date was fixed and that hearing took place on 18 January 2012 before this Tribunal.
4. At the hearing the Applicant was represented by Mr. S. Jourdan QC, several of the leaseholders (as identified above) were represented by Mr. A. Walder of counsel, and the proposed manager was represented by Mr J. Clargo, of counsel.
5. It is not proposed in the context of this Decision to go into the rather extensive and detailed background to this matter because, very helpfully, that background has already been set out in the Order which has been prepared jointly by the various counsel referred to above, and which is annexed hereto. Further, the background has to some extent been set out in the earlier decision of the Tribunal made on 6 July 2011, to which reference should be made.
6. Suffice it to say that this is an unusual case which has thrown up very particular problems. Many of the problems stem from the provisions of the underleases governing the parties' obligations. In particular, the landlord is not the party which is granted the right and responsibility to carry out the major works which all parties before the Tribunal agreed were now necessary. The contractual entitlement under the terms of the lease in this regard is vested in the parties designated "Maintenance

Trustee”, which trustee is only liable to do the work to the extent that it collects sufficient funds by way of service charges to facilitate these works. There have been continuous problems in collecting sufficient funds for this purpose (many of the under lessees are off-shore companies or other foreign investors) and the result has been that the scaffolding originally erected about 10 years ago around the property for the purpose of carrying out such works remains in situ, but no works have been started, let alone finished.

7. In an effort to cure the difficulties, an application was made for an Order appointing a Tribunal manager last year and, as indicated, such manager was appointed. Unfortunately the manager left her post with the firm of which she was a partner shortly after the Order was made, thereby frustrating the Order, but in any event there were further problems, as expanded upon in the preamble to the Order attached hereto, in that, unsurprisingly, the unofficial substituted manager was disinclined to enter into any contract with the proposed contractors unless and until fully in funds. Those funds have been partially collected but not completely collected and so nothing has happened.

8. The parties, and in particular the Applicant, do not have the luxury of time any longer because on 30 June 2011, Westminster City Council served on the Applicant and others, a Dangerous Structure Notice under Section 62 of the London Building Act (Amendments) Act 1939 stating that the building was in a dangerous state and on 5 December 2011, the council issued a complaint to the Westminster Magistrates Court for the grant of an order under Section 64 of that Act requiring the Applicant to carry out such works as were necessary to cure the dangerous state.

A summons has been issued requiring the Applicant to appear at court on the 7 March 2012 to answer that complaint.

The Hearing

9. At the hearing before the Tribunal the Applicant, the proposed new manager and several of the leaseholders were all represented by highly experienced counsel and solicitors. Considerable work had been carried out before the hearing in order to produce a very detailed proposed Order for the Tribunal to make dealing with both applications and devising, in effect, a way around the somewhat unsatisfactory provisions of the lease, so as to enable these works to proceed. It is not necessary to go into the machinery in any detail in the context of this Decision, but in short what is proposed is that the Applicant will advance by way of loan the necessary monies to the proposed new manager and will itself (i.e the Applicant) enter into the contract with the proposed contractors. An independent project manager is to be appointed to supervise the works under the auspices of Savills Plc. The Applicant is disinclined to take this step unless it is itself made a manager, together with the proposed manager Mr Watson, but specifically and exclusively for the purposes of securing that the identified major works are carried out as soon as possible, taking control of the collecting in of the service charges necessary to fund the works and, if necessary, suing any defaulting leaseholders. There are other provisions in the Order proposed, of a very detailed kind, governing the respective obligations of the two proposed managers. Mr Watson of Douglas & Gordon will be overseeing the works generally, and if any issues of substance arise in relation to the standard or quality of the major works or any additions or variations thereto, then his decision on all such matters is to be final. It is proposed that Mr Watson's

appointment should last until 30th June 2013 and that he will have overriding responsibilities in respect of not only the major works, but the day to day management of the property. The Applicant's appointment would be in respect of the major works only, and will come to an end by reference to completion of those works and the discharge of its other functions as provided for in detail in the Order.

10. At the inception of the hearing, counsel for the respective parties, informed the Tribunal that they were in broad agreement with the plan devised in order to break the log-jam in this case, although there were some details upon which further discussion was required. That discussion took place during the morning of the hearing between the various parties and, to their credit, they were able to present to the Tribunal a revised and entirely agreed proposed Order. The course therefore presented to the Tribunal was a course consented to, and indeed urged upon the Tribunal by the Applicant, the proposed manager Mr Watson, and several of the leaseholders as referred to above. Notwithstanding the opportunity given at the pre-trial review for any other leaseholders to make representations to the Tribunal, no such representations or objections have been received.

The Findings of the Tribunal

11. Given the consensus reached between the parties, and the urgency brought about by the condition of this property and the Dangerous Structures Notice which has been served, the Tribunal has been persuaded to adopt and to make the Order prepared by the various professional advisers, as referred to above. The effect of this will be clarified below, but the Tribunal would stress that this is a most exceptional case and the Order being made is unusual in a number of respects. First, two managers

are being appointed, though with very specific and strictly defined roles. Secondly, one of those managers is the Applicant or landlord itself. This is not unprecedented, but is unusual. In this case moreover, the landlord is an offshore company and is itself being appointed as manager, rather than, as is much more usually the case, a named individual. The Tribunal has been persuaded that there is good reason to do so in this case, because without this provision, the steps necessary initially to fund the works and then collect in vigorously the outstanding arrears from various lessees, are simply unlikely, to say the least, to occur. There was some discussion between the Tribunal and the parties' representatives about the jurisdiction both to appoint more than one manager under the terms of the 1987 Act, and the jurisdiction to appoint a company rather than a named individual. The Tribunal has been satisfied that there is no statutory bar to taking this most unusual course, but it should in no way be taken as any kind of precedent for subsequent orders, and is made on the very peculiar and special facts of this case.

Conclusion

12. For the reasons referred to above, the Tribunal is content to adopt and make the final draft of the Order provided by the parties' legal representatives, and which is annexed hereto. That Order in effect varies the existing management order and substitutes Mr Calum Watson (from whom the Tribunal heard evidence) as the Tribunal appointed manager until 30 June 2013, and appoints the Applicant as manager for the defined role set out above. The Order also deals with a range of other matters including the apportionment of contributions, the payment of those contributions by the respective leaseholders and general accounting provisions. Appendices to the Order set out expressly the sums to be paid and the basis upon

which the sums have been calculated. The overall cost of the works is estimated to be £955,635. In accordance with Section 24(9) of the 1987 Act, the previous Management Order is therefore varied as provided for in the Order attached hereto, but otherwise will continue, save insofar as its terms are inconsistent with the new Order.

13. So far as the application made pursuant to Section 27A of the 1985 Act is concerned, there was no issue between any of the represented parties (and no observations or representations from any unrepresented party) that the works proposed and set out in a detailed specification, identified in the Order, are reasonable and necessary in terms of both their extent and cost. That cost is the subject of an estimate already referred to above. In the circumstances, the Tribunal has not examined these works or the individual costing in any real detail, given that it is uncontentious and, at present, no more than an estimate. The Tribunal is satisfied for the purposes of Section 27A however that the works are reasonable (i.e. reasonably required) and that the estimated cost is also reasonable as an estimate. It should be stressed that the finding of the Tribunal in this regard is a provisional finding based on the estimate. It remains open to any leaseholder to revert to the Tribunal after completion (or even during) the works if, after the final account costs have been crystallised, it is contended that the works have been carried out to an insufficient standard, or that works have been omitted or other matters arise in relation to these works.

Conclusion

14. For the reasons indicated above, the Tribunal makes the order attached hereto in dealing with the issues arising in respect of both the Section 24 application under the 1987 Act and the Section 27A application under the 1985 Act. This Order also grants dispensation, pursuant to section 20ZA of the Act, in respect of any requirements of Section 20 of the Act which have not been complied with – although the Tribunal was informed that, as far as could be ascertained, in fact full consultation and compliance with the Act has taken place. This dispensation is given subject to the qualification that any leaseholder wishing to raise some issue about the adequacy of the Section 20 consultation is at liberty to do so, but must make such applications within a date of 4 weeks from service of this order.

Legal Chairman: S. Shaw

Dated: 23rd January 2012

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APPLICANT: PARK LANE HOLDINGS INC

RESPONDENT: JANE MUNRO (The Manager appointed by Order of the Tribunal dated 6th July 2011) and the Leaseholders identified below:

No.	Respondent	Flat(s) owned
1	Jane Munro	None
2	Oung Lin Chuan-Hui	10-15
3	Lenville Limited	11 and 43
4	Al Basset Company Limited	12
5	Richard Charles Martin and Janet Elizabeth Martin	12A
6	K Two Inc	14
7	Halaj Holdings Inc	20
8	MBOSE Limited	21 and 23
9	Lawrence Property Holdings Limited	24
10	Gary Nigel Eaborn	25
11	Fordald Inc	30-31
12	Leclipse Asset Corp.	32
13	Pine Shores Limited	34
14	Admirals Bay Investment Inc	35
15	Denton Property Holdings and Lawrence Property Holdings Limited	41
16	Omair Investment Limited	42
17	Aweer Property Limited	44
17	Aweer Property Limited	45
18	Kirama Properties Limited	51
19	Kadorr France Corporation	52
20	Rokkibeach Limited	53
20	Rokkibeach Limited	54
21	Fifty Five Aldford House Inc	55

22	Akram Shammās	80
23	First Residence Inc	2
24	Zeina Arslane	3
25	Lexington Investments Limited	33

Respondents

ORDER

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The background to this Order

1. There is an index to the expressions used in this Order in Appendix 1.

The Building and the leases

2. Aldford House, Park Lane, London, W1K 2JH (“the Building”) is a self-contained building on Park Lane, with commercial premises (“the Commercial Premises”) common parts and two flats (referred to as flats 2 and 3) on the ground, lower ground and mezzanine floors and 29 flats on the 1st to 8th floors (“the Flats”).
3. By a headlease dated 14 August 1980 (“the Headlease”) made between Grosvenor (Mayfair) Estate as landlord and Grantfold Limited as tenant and Gomba UK Group Limited as surety, the Building was demised from 24 June 1980 for a term of 120½ years expiring on 24 December 2100.
4. The Headlease has at all material times been vested in the Applicant, Park Lane Holdings Inc. (“the Landlord”).
5. Each of the Flats is held under an underlease on similar terms, from the Landlord. The underlease of flat 34 is typical (“the Underlease”). It is dated 20 July 1979 and was made between Margate Investments NV as landlord, Fawaz International Incorporated as tenant, and Holding & Management Limited as “Maintenance Trustee”. It demised flat 34 for a term of 124½ years from 29 September 1976, less the last 3 days, expiring on 21 June 2100.
6. The Underlease, at recital (A)(i), defines “the Residential Premises” as: “all the block of flats on the first to the eighth floor inclusive in addition comprising two entrances on the ground floor rear staircases and lifts serving only the flats”.
7. The underlessees of the Flats are referred to below as “the Underlessees”, and the underleases of the Flats are referred to below as “the Underleases”.

The service charge scheme

8. Under the Underleases, the Maintenance Trustee, and not the Landlord, is responsible for repairing and maintaining the premises, and providing the works and services set out in the Fifth Schedule (the costs of which are referred to below as “the Service Charge Costs”).
9. The Underleases provide at para 1 of the Fifth Schedule for the Maintenance Trustee to appoint and pay the remuneration of a chartered surveyor, referred to as “the Surveyor”, to manage the Residential Premises and its curtilage and to collect the rents and maintenance contributions in respect of the Flats and to carry out such other duties as may from time to time be assigned to him by the Maintenance Trustee or are otherwise imposed on him by the Underlease.
10. The scheme for payment of service charges is as follows. Charges are calculated by reference to “the Maintenance Year”, which is the period of twelve months beginning on 1 April and ending on 31 March.
11. No later than 1 March before the start of a Maintenance Year, the Maintenance Trustee must compute the annual “Maintenance Provision”, which comprises the following elements, set out in Part III of the Fourth Schedule at para 2:
 - (a) 2(a) A sum comprising:
 - (1) 2(a)(i): the estimated expenditure which will actually be incurred on Service Charge Costs in the forthcoming Maintenance Year (“the Actual Expenditure”);
 - (2) 2(a)(ii): an appropriate amount as contribution to a reserve (“the Reserve”) for Service Charge Costs likely to give rise to expenditure after that Maintenance Year, such as the repair of the structure of the Building. The contribution to the Reserve is to be computed so as to ensure, so far as is reasonably foreseeable, that the Maintenance Provision does not unduly fluctuate from year to year.

- (3) 2(a)(iii): a sum equal to any unpaid Maintenance Contribution provided the Surveyor is satisfied that the Maintenance Trustee has taken all reasonable steps to recover such sum from the person liable to pay it;
 - (4) 2(a)(iv): a reduction for any unexpended amounts held in the Reserve accumulated from previous Maintenance Years which is to be expended in the forthcoming Maintenance Year; and
 - (5) 2(a)(v): a reduction for any Maintenance Contribution which was included in the computation for any previous Maintenance Year under paragraph (iii) which has since been recovered by the Maintenance Trustee from the person liable to pay it;
 - (6) 2(b): The remuneration of the Maintenance Trustee which is 2% of the sum calculated under 2(a)(i)-(v) after deducting from that amount the remuneration of the Surveyor.
12. The Underlessees are then liable to pay to the Maintenance Trustee an on account service charge, called "the Maintenance Contribution". This is the sum equal to the percentage proportion appropriate to the Flat of the Maintenance Provision for the Maintenance Year, and is payable by two equal instalments on 31 March immediately before the start of the Maintenance Year, and on 29 September during the Maintenance Year.
13. The percentage proportion appropriate for each Flat is as set out in part I of the Fourth Schedule, subject to variation pursuant to part II of the Fourth Schedule.
14. The table at Appendix 2 lists the Flats, the registered proprietors of the Underleases of each of the Flats, and the percentage of the Service Charge Costs currently payable under each of those Underleases ("the Service Charge Percentage"). As is apparent from Appendix 2, two of the Flats, flat 60 and flat 70, which are the top two Flats, are held under Underleases by the Landlord. It will also be apparent that the percentage of the Service Charge costs differs from the amount set out originally in the Underleases.

This is because flats 2 and 3 make a contribution to the Service Charge Costs at the direction of the Landlord, which dilutes the percentage contribution of the other Flats accordingly.

15. The Landlord covenants by the Sixth Schedule para 7(b) to pay to the Maintenance Trustee a due proportion (to be determined by the Surveyor) in respect of the Commercial Premises of certain specified works and services, and of any other repairs and services which are of benefit to the Commercial Premises (“the Commercial Premises Contribution”).
16. By a letter dated 18 August 2004, the then Surveyor, Roger A Harper FRICS, determined that the due proportion payable by the Landlord in respect of the Commercial Premises was 20.68% and, ever since then, that has been used to apportion the relevant costs between the Residential Premises and the Commercial Premises.
17. After the end of each Maintenance Year, the Surveyor determines the “Maintenance Adjustment”. This is the amount (if any) by which the actual expenditure incurred on Service Charge Costs in the Maintenance Year exceeded or fell short of the estimate under Schedule 4 para 2(a)(i), and any adjustment needed to the remuneration of the Maintenance Trustee in the light of that.
18. With the next instalment of Maintenance Contribution falling due after the determination of the Maintenance Adjustment, each Underlessee is then allowed, or pays on demand as the case may be, the appropriate percentage proportion of the Maintenance Adjustment.
19. The expression “Service Charges” when used below means all Maintenance Contributions, Maintenance Adjustments and sums payable by the Landlord by way of contribution in respect of the Commercial Premises under the Sixth Schedule para 7(b).

The history up to the Original Order

20. During the 1990s, the Building became in need of extensive external works of repair, maintenance and redecoration. Around at this time Holding & Management Limited changed its name to Wood Management Trustees Limited (“WMT”).
21. WMT did not carry out the works needed to the Building. By a letter dated 13 July 2001, WMT informed the Underlessees that, upon advice, it was necessary to scaffold the building prior to the commencement of the works. They were also informed that the most cost-effective way of doing so was the outright purchase of the scaffolding at an estimated cost of £268,249. Subsequently, scaffolding was erected around the Building and has remained in place up to the present time and no external works have been carried out.
22. By a letter dated 24 February 2004, WMT gave notice to the Landlord of its intention to retire as the Maintenance Trustee six months from that date. On 1 July 2004, Pembertons Maintenance Trustee (Aldford House) Limited (“Pembertons”) was appointed as the Maintenance Trustee.
23. On 6 October 2004, a claim was commenced in the High Court in relation to the scaffolding, which was compromised on the terms set out in a Consent Order dated 28 November 2005 (“the 2005 Consent Order”). As part of the order, it was agreed that Pembertons would carry out external works to the Building in order to make it wind and weatherproof for a period of three to five years and to enable the existing scaffolding to be removed until such time as a full refurbishment programme could be agreed between the parties. Those works have not been carried out and the scaffolding has remained in place up to the present time. The scaffolding has now been in place for over ten years.
24. On 17 September 2010, seven of the Underlessees made an application (“the 2010 Application”) to this Tribunal under section 24 of the Landlord and Tenant Act 1987 seeking the appointment of a manager. Subsequently, Pembertons gave notice to the Landlord of its intention to resign as the Maintenance Trustee effective on 25 August 2011.

25. On 26 October 2010, Pembertons served on the Underlessees a notice of intention to carry out major works under sections 20 and 20ZA of the Landlord and Tenant Act 1985, and the Service Charges (Consultation Requirements) (England) Regulations 2003.
26. Pembertons appointed Savills to act as building surveyors for the purpose of preparing a specification for the Major Works, selecting contractors to tender, obtaining tenders, and reporting on the tenders.
27. Savills produced a specification of the Major Works (“the Savills Specification”) and obtained tenders from five contractors. The lowest tender was from Metro Building Maintenance at £726,021. Savills proposed their fee for the Major Works would be 9% of the contractor’s price plus £5,000. Thus Savills’ estimate of the cost of the Major Works was £955,635:

Contractor's price	£726,021
Savills' fees at 9%	£65,342
Admin fee	£5,000
Total net of VAT	<u>£796,363</u>
VAT at 20%	£159,273
 Total incl VAT	 £955,635

That sum of £955,635 is referred to below as “the Estimated Major Works Cost”.

28. The Underlease provides that the Flat includes the doors, door frames and windows fitted in the walls bounding the Flat. It requires the tenant to keep the Flat in repair and to decorate the interior parts of the Flat, but it forbids the tenant from painting the outside surfaces of the front or back doors of the Flat or the windows. The purposes for which the Maintenance Provision is to be applied, pursuant to Schedule 5 to the Underlease, include decorating all the outside wood, iron, and metal work of the Building. Thus if there are windows of Flats which need to be redecorated, as clause 2.6.7 of the Savills Specification indicates, the costs of that work are properly Service Charge Costs, and not costs payable by individual tenants. Therefore the statement in the Savills Specification that the costs of such redecoration should be: “costs

recoverable from individual tenants who have not replaced their windows” should be disregarded.

29. On 24 June 2011, Pembertons served on the Underlessees a paragraph (b) statement and notice of estimates under sections 20 and 20ZA of the Landlord and Tenant Act 1985, and the Service Charges (Consultation Requirements) (England) Regulations 2003.
30. The 2010 Application was heard by this Tribunal (Mr. Mohabir, Mr. Sennett and Mrs Justice) on 5 and 6 July 2011. The seven Underlessees who had made the application, the Landlord and Pembertons were all represented by counsel. All those parties agreed that it was just and convenient to appoint a manager on the basis that Pembertons were resigning as Maintenance Trustee in August 2011.
31. The Tribunal accepted that it was just and convenient to appoint a manager, and, by its order made on 6 July 2011 (“the Original Order”) appointed Jane Munro of Douglas & Gordon Limited, or such other person appointed from time to time of Douglas & Gordon, to act as manager and receiver of the Residential Premises for a period of 18 months with effect from 7 July 2011, expiring on 6 January 2013.
32. The Original Order ordered, among other things, that, during her appointment:
 - (a) The Manager should demand collect and apply all the various funds made payable to the Maintenance Trustee by the Underleases including but not limited to rent, insurance rent, service charges, and arrears of any of the above insofar as the Manager considered it reasonable to do so.
 - (b) The Manager should carry out the obligations of the Maintenance Trustee in accordance with the provisions of the Underleases and in particular and without prejudice to the generality of the foregoing:
 - (1) She should establish a Service Charge Account and Major Works Account for the Property. Any monies received from Pembertons ring fenced pursuant to the 2005 Consent Order should remain

ring fenced and utilised only in accordance with the terms of the 2005 Consent Order. The Major Works Account was to be a sub-account of the Service Charge Account into which was to be paid that part of the maintenance contribution which related to the major works (including any contribution already held by the Pembertons in respect of the Major Works) and which monies should only be expended for the purpose of the Major Works. The “Major Works” were defined in the Original Order as the works of repair to the cladding and related steel structure and any other necessary external works of repair to the Building.

- (2) She should forthwith ensure that the Building and the scaffolding was fully and properly insured.
- (3) She should observe the Maintenance Trustee's covenants under the Underleases with regard to insurance, repairs, services, and alterations to the property.
- (4) She should enforce the Underlessees' covenants.
- (5) She should comply with all statutory requirements and the RICS Code
- (6) She should be under a duty to account to the Landlord for the ground rent and any other monies received and lawfully due to the Landlord pursuant to the Underleases.

Events since the Original Order

33. About a month after the Original Order was made, the Manager, Jane Munro, left Douglas & Gordon and she has played no part in the management of the Building. Another employee of Douglas & Gordon, Mr. Calum Watson, who took over as head of block management at Douglas & Gordon from Jane Munro, has caused Douglas & Gordon to attempt to carry out the duties of the Manager under the Original Order.

Douglas & Gordon consider that Mr. Watson would be a fit and proper person to act as receiver and manager of the Building, and the Landlord agrees.

34. Douglas & Gordon established two bank accounts for receipts and payments relating to the Building. One (“the Reserve Bank Account”) has been used by them to hold monies paid by Underlessees or the Landlord which have been treated as contributed to the Major Works Costs. The other (“the Ordinary Expenditure Bank Account”) has been used to hold monies paid by Underlessees or the Landlord which have been treated as not contributed to the Major Works Costs. The amounts standing to the credit of those accounts on 31 December 2011 were £254,608.95 and £202,733.88 respectively.
35. In August 2011, Savills were appointed by Douglas & Gordon to continue acting as building surveyors in relation to the Major Works.
36. The Manager was appointed part of the way through the Maintenance Year 1 April 2011 to 31 March 2012, and Pembertons had, by then, already prepared a budget estimate of the Maintenance Provision for that Maintenance Year, comprising £1,293,300, made up of £593,300 under Schedule 4 para 2(a)(i) of the Underleases in respect of the estimated Actual Expenditure, and £700,000 under Schedule 4 para 2(a)(i) of the Underleases in respect of a contribution to the Reserve in respect of the Major Works. Pembertons had sent out demands for payment of the half yearly Maintenance Contributions due on 31 March 2011 based on that budget estimate and Douglas & Gordon sent out demands for payment of the remaining half yearly Maintenance Contributions due on 29 September 2011. The table at Appendix 4 summarises for each Flat the amounts demanded by way of Maintenance Contribution on 29 September 2011, the amounts paid, and the apportionment of the amounts paid between the Reserve and Ordinary Expenditure Bank Accounts and the balance (if any) now owing.
37. Douglas & Gordon hold insufficient funds to carry out the Major Works:
 - (a) because only £25,000 was transferred to Douglas & Gordon by Pembertons (Pembertons told Douglas & Gordon that this sum was held by them as

Maintenance Contributions which had been paid and that there was no balance of money held by way of reserve to be transferred); and

- (b) because of non-payment of Maintenance Contributions pursuant to the 29 September 2011 demands by some of the Underlessees, as Appendix 4 makes clear; and
- (c) because even if the full £700,000 had been paid it would be insufficient to pay the Major Works Costs.

- 38. Savills have advised Mr. Watson that the Major Works will take about 6 months to carry out, and that a further 9 months period will then need to elapse before the final account is agreed with the contractor, and the actual amount of the Major Works Costs is known.
- 39. Under the Underleases, the Landlord must contribute the due proportion in respect of the Commercial Premises of the cost of the Major Works (“the Major Works Costs”). The appropriate percentage is 20.68% of all of the Major Works Costs which benefit the Commercial Premises, namely all the items in the Savills Specification save those identified in Appendix 3.
- 40. The Major Works Costs, less the Commercial Premises Contribution, are referred to below as “the Residential Major Works Costs”.
- 41. The estimated Commercial Premises Contribution and the estimated amount of the Residential Major Works Costs are set out in Appendix 3 (“the Estimated Residential Major Works Costs”).

The dangerous structure notice and proceedings

- 42. On 30 June 2011, Westminster City Council served on the Landlord and others a dangerous structure notice under s.62 of the London Building Acts (Amendments) Act 1939, stating that the Building was in a dangerous state because the stonework had become loose or insecure due to corrosion of steel structural elements on the inner face of the stonework.

43. On 5 December 2011, Westminster City Council issued a complaint to the Westminster Magistrates Court for the grant of an order under s.64 of that Act requiring the Landlord to take down, repair or otherwise secure to the satisfaction of the Council's District Surveyor the structure or such part of it as appears to the court to be in a dangerous state. On the same date, Westminster Magistrates Court issued a summons requiring the Landlord to appear on 7 March 2012 to answer the complaint.

The agreement in principle between the Landlord and Mr. Watson

44. The Landlord and Mr. Watson agree that:
- (a) The Major Works are urgently required.
 - (b) They should not wait until a sufficient amount can be collected by way of Service Charges to pay the Major Works Costs.
 - (c) The solution is for the Landlord to pay for any shortfall in the contributions towards the Major Works and for a mechanism to be put in place to ensure that each Underlessee pays the appropriate percentage contribution to the cost of the Major Works so that the Landlord only ends up bearing the proportion of the Major Works Costs that it ought properly to pay.
 - (d) For the moment, it would be sensible to put to one side the question of what should be done about service charges either paid to Pembertons or due but not paid to Pembertons prior to the making of the Original Order ("the Historic Service Charges") without affecting the right of any party to make any appropriate application in the future in relation to the Historic Service Charges.
45. The Landlord and Mr. Watson discussed the possibility that the Landlord would lend Mr. Watson sums sufficient to pay for the Residential Major Works Costs and the money ("the Service Charge Recovery Costs") reasonably needed to take proceedings against Underlessees to recover the Service Charges which the Underlessees are liable to pay under the Underleases and the Original Order and this Order.

46. However, it was not possible to reach agreement on the terms of such a loan, because:

- (a) Mr. Watson was not willing to sign contracts with the contract administrator and the building contractor unless the whole of the Major Works Costs in excess of the amount held in the Major Works Bank Account were paid to Mr. Watson in advance.
- (b) The Landlord was only willing to lend such money as was reasonably required to pay Savills and the contractor as costs were incurred as the Major Works progressed, and not to pay the whole of the Major Works Costs to Mr. Watson before work began.
- (c) The Landlord was concerned about a situation in which Underlessees refused to pay service charge contributions to the Major Works Costs because the Major Works were not carried out to a reasonable standard. If that happened, then unless the Landlord was a party to the contracts with the contract administrator and the contractor, the Landlord would be unable to recover any loss suffered by the Landlord as a result of any breach of contract or negligence by the contract administrator or the contractor.

47. The Landlord and Mr. Watson therefore agreed that the best course was for:

- (a) The Landlord to enter into the contracts with the contract administrator and the contractor for the carrying out of the Major Works.
- (b) The Landlord to keep Mr. Watson fully informed of the progress of the Major Works and, in case of any disagreement between the Landlord and Mr. Watson as to the standard or quality of the Major Works, or any additions or variations to the Major Works, the Landlord to accept Mr. Watson's decision as final in accordance with paragraph 10 of this Order.
- (c) Each Underlessee to pay to the Landlord the appropriate percentage contribution to the Estimated Residential Major Works Costs.

- (d) The Landlord to pay all such contributions received to Mr. Watson to be held in the Reserve Bank Account.
- (e) As payments fall due to the contract administrator or contractor in respect of the Major Works, Mr. Watson is to pay such sums out of the sums held in the Reserve Bank Account, to the extent that there are sufficient funds to make such payments.
- (f) If there are insufficient funds in the Reserve Bank Account to make such payments, the Landlord will pay the contract administrator and contractor. If that happens, then as and when there are sufficient funds in the Reserve Bank Account, Mr. Watson will pay to the Landlord the amount so paid.
- (g) On completion of the Major Works and the ascertainment of the actual Major Works Costs, any necessary additional payments or repayments are to be made.

The Satellite Dishes and AC Plant

48. The Landlord claims that some of the Underlessees have fitted satellite dishes to the scaffolding or balconies (“the Satellite Dishes”) in all cases without seeking or obtaining the Landlord’s consent, and also that some Underlessees have fitted air conditioning plant on scaffolding or balconies, in some cases without seeking or obtaining the Landlord’s consent (“the AC Plant”). The Landlord retains the right to bring separate proceedings in Court in respect of those items, which proceedings may include a claim for an injunction and/or damages.

The new flats

49. The Landlord is in the process of carrying out works to flats 60 and 70, the flats of the 6th and 7th floors of the Building (“the Upper Floor Works”). The Upper Floor Works consist of dividing those two flats into four, and incorporating in the four new flats space which is not, at the moment, included in flats 60 and 70.

50. The Upper Floor Works are in progress and the Landlord anticipates that practical completion will be reached in the final quarter of 2012. The Landlord accepts that, once practical completion has been achieved, it will be necessary for the Surveyor to consider whether it is necessary or equitable to recalculate the percentage proportions payable under the Fourth Schedule Part II to the Underleases (and, correspondingly, the due proportion in respect of the Commercial Premises set out in paragraph 16) so as to reflect the creation of four flats where at present there are only two, and the fact that the four flats together will be larger than were the two flats together. The Landlord does not, however, consider that until practical completion of the works, any recalculation of the percentage proportions is appropriate. Mr. Watson agrees.

The use of the scaffolding

51. In the course of carrying out the Upper Floor Works, the Landlord's contractors have made some limited use of the scaffolding originally erected by WMT, solely in order to gain access to the upper parts of the Building.
52. It has been suggested by some Underlessees (those for whom Alan Lowe & Co act) that the Landlord should pay a licence fee for having used the scaffolding. Savills did, at one point, ask the Landlord to pay £15,000 for the use of the scaffolding.
53. The Landlord did not agree to pay that amount, and does not agree that any amount should be paid, for the following reasons:
- (a) It was not possible to get to the upper parts of the Building without using the scaffolding. The Landlord is entitled to obtain access to Flats 60 and 70 and to the roof and, if the only way of getting there is by passing through the scaffolding, is entitled to do that without payment.
 - (b) The Landlord, in its capacity as Landlord and as underlessee of Flats 60 and 70, made a very substantial contribution to the cost of the scaffolding, and has the right to use it for all lawful and appropriate purposes, without payment.
 - (c) The Landlord's contractors carried out works to the Building (and, in particular, to the roof of the Building) at the request of Pembertons for which

Pembertons as Maintenance Trustee was responsible, which the Landlord has paid for and which the Landlord has not been reimbursed for. So if, which is denied, the Landlord is liable to pay a licence fee, it is entitled to set off against that fee the sums owed to it by Pembertons.

54. The Landlord proposes that the Order below, which is designed to secure the carrying out of the Major Works as soon as possible, should not determine the dispute about whether the Landlord should pay a licence fee for the use of the scaffolding and, if so, what amount, and that is specifically provided for in the Order.

The Order

Order as amended following discussion between the parties' representatives

The Order

It is ordered that:

Appointment of new managers

1. Mr. Calum Watson of Douglas & Gordon and the Landlord are jointly appointed as managers of the Building and Mr Watson is also appointed as receiver in place of Jane Munro, on the terms and with the powers set out in this Order. The appointment of the Landlord as manager is solely for the purpose of securing the carrying out of the Major Works and recovering payment in respect thereof on the terms set out in this Order. Mr Watson's appointment lasts until 30 June 2013. The Landlord's appointment lasts until its functions under this Order have been discharged.
2. Save as varied by this Order, the Original Order shall continue to have effect as if Mr. Watson had been appointed by the Original Order. Mr. Watson shall, subject to the powers specifically conferred on the Landlord by this Order, have all the powers conferred on Jane Munro by the Original Order.

Service of this Order

3. The Landlord is to forthwith serve on each of the Underlessees a copy of the Original Order and this Order.

4. Any document required to be served on an Underlessee may be served by sending a copy by first class post to the Flat held by the Underlessee, or to such other address as an Underlessee may notify to Mr. Watson in writing from time to time, addressed to “the Lessee”.

Landlord to secure the carrying out of the Major Works

5. The Landlord is to secure that the Major Works are carried out as soon as possible. It is reasonable to expect that a contract will be entered into by 29 February 2012.
6. The Major Works are to consist of the works set out in the Savills Specification (namely the specification exhibited at exhibit “AH1” to the statement of Andrew Hill dated 16 November 2011 at tab 7 pages 131-241), with such variations or additions as the Landlord and Mr. Watson consider to be appropriate, although no variations or additions are to be made to which the consultation requirements referred to in sections 20 and 20ZA of the Landlord and Tenant Act 1985 apply unless those requirements have been complied with or dispensed with.
7. Unless, within 4 weeks of service of this Order, an Underlessee notifies the Tribunal and the Landlord in writing that they wish to contend that consultation requirements under s.20 of the Landlord and Tenant Act 1985 have not been complied with, then, insofar as may be necessary, pursuant to s.20ZA(1) of the Landlord and Tenant Act 1985 the Tribunal dispenses with any of the consultation requirements which have not been complied with to date in respect of the Major Works. If any such Underlessee does give such notice, then any party may apply to the Tribunal for directions for the resolution of the issue of whether the consultation requirements have been complied with and, if not, whether dispensation should be granted.
8. The Major Works to which this Order applies includes redecoration reasonably required to the windows of the Building, regardless of whether the windows have or have not been replaced by Underlessees. The statement in the Savills Specification that: “costs recoverable from individual tenants who have not replaced their windows” is to be disregarded.

9. The Landlord will take all reasonable steps to remove (or procure the removal of) the Satellite Dishes prior to the commencement of the Major Works. The Landlord is to take all reasonable steps to procure that the Major Works are carried out without additional costs being incurred as a result of the presence of unlawfully located AC plant.

10. The Landlord will keep Mr. Watson fully informed of the progress of the Major Works and will supply Mr. Watson with copies of all material correspondence and documents relating to the Major Works. Mr Watson will report in writing on the progress of the Major Works at least every two months to Alan Lowe & Co on behalf of the Underlessees for whom they act, and to any other Underlessee who notifies Mr Watson that they wish to receive such report. If any issues of substance arise in relation to (a) the standard or quality of the Major Works or (b) any additions or variations to the Major Works while they are being carried out and where the Landlord and Mr. Watson disagree, then Mr. Watson will have proper regard to any representations made by the Landlord, but his decision on all such matters is to be final. In that event, Mr Watson will, as soon reasonably practicable, inform Alan Lowe & Co and any other Underlessee who has requested to be kept informed of what has happened.

Landlord to pay estimated Commercial Premises Contribution to the Major Works Costs

11. The Landlord is to contribute the Commercial Premises Contribution to the Major Works Costs, pursuant to the Landlord's obligation under the Sixth Schedule paragraph 7(b) of the Underleases.

12. The Landlord is within 14 days to pay to Mr. Watson £151,786, being the Commercial Premises Contribution to the Estimated Major Works Cost. Mr. Watson is to pay this into the Reserve Bank Account. This is a contribution on account of the Landlord's liability under paragraph 11 above. The calculation of that amount is shown in Appendix 3.

Underlessees to pay contributions to Estimated Residential Major Works Costs

13. The amount payable by each Underlessee in respect of the Estimated Residential Major Works Costs to the Landlord is the amount set out in the final column of Appendix 5, being the relevant Service Charge Percentage of the Estimated Residential Major Works Costs, less any amount already paid by the Underlessee to Douglas & Gordon by way of contribution to those costs, which is held in the Reserve Bank Account. That amount is payable by each Underlessee to the Landlord on or before 29 February 2012. On receipt of any payment made pursuant to this paragraph, the Landlord is to immediately pay it to Mr. Watson, who is to pay it into the Reserve Bank Account. Any Underlessee may satisfy their obligation to make such payment by making payment to Mr Watson direct who is to pay any such payment into the Reserve Bank Account.

Payments for the Major Works

14. As payments fall due to the contract administrator or contractor in respect of the Major Works, the Landlord is to notify Mr. Watson of the amount due, and Mr. Watson is to pay such sums out of the sums held in the Reserve Bank Account, to the extent that there are sufficient funds to make such payments.
15. If there are insufficient funds in the Reserve Bank Account to make such payments, the Landlord will pay the contract administrator and contractor. If that happens, then to the extent that subsequently there are sufficient funds in the Reserve Bank Account, Mr. Watson will promptly repay to the Landlord the amount so paid.

Accounting provisions following completion of Major Works

16. On completion of the Major Works and the ascertainment of the actual Major Works Costs, any necessary additional payments or repayments are to be calculated as soon as possible and paid, so as to ensure that:
 - (a) the Landlord pays the Commercial Premises Contribution to the actual Major Works Costs; and

- (b) each Underlessee pays the Service Charge Percentage of the actual Residential Major Works Costs.

If there is any dispute about any amount to be paid or repaid under this paragraph, it is to be determined by the Tribunal on the application of any party.

- 17. The Service Charge Costs are to be treated as including, to the extent that they are not already expressly comprised within paragraph 9 of Schedule 5 of the Lease all legal costs incurred by Mr Watson in relation to this application and in enforcing against any Underlessee an obligation to make a payment pursuant to this Order or the Original Order as varied by this Order.
- 18. Mr Watson will appoint a chartered surveyor to act as “the Surveyor” for the purposes of the Fourth Schedule Part II and the Sixth Schedule paragraph 7(b) of the Underleases in order to determine:
 - (a) Whether it is necessary or equitable to recalculate the percentage proportions set out in the Fourth Schedule Part I (as previously varied to reflect the contributions made by Flats 2 and 3) to take account of the works being undertaken by the Landlord to expand flats 60 and 70 and then to split them into four flats and, if so, by what amounts and with effect from what date.
 - (b) Whether, if such recalculation is necessary or equitable, it is also appropriate to adjust the due proportion payable under the Sixth Schedule paragraph 7(b) of the Underleases in respect of the Commercial Premises.

The accounting process provided for under paragraph 16 above shall not be completed until the Surveyor has made his or her determination under paragraphs (a) and (b) above, and that accounting process is to reflect and give effect to the determination.

- 19. The following directions shall apply in relation to the issue of whether the Landlord should pay a fee in respect of its use of the existing scaffolding and, if so, how much:
 - (a) Any Respondent who claims that such a fee should be paid must, by 4 pm on 30 March 2012 serve on the Landlord Particulars of Claim setting out why it

is alleged such a fee should be paid, and the amount of the fee, supported by any documents, witness statements or expert evidence relied on.

- (b) If the Landlord contests its liability to pay the fee claimed, it must, by 4 pm on 31 May 2012, serve on the claiming Respondents a Defence, supported by any documents, witness statements or expert evidence relied on.
- (c) If it is not then possible to agree the issue, either party may then apply to the Tribunal for a date to be fixed for the hearing of the issue of whether the Landlord should pay such a fee and, if so, how much.

20. Pine Shores Limited is substituted as Thirteenth Respondent.

Effect of this Order

21. Nothing in this Order:

- (a) Affects the right of the Landlord to make any claim it may wish to make against individual Underlessees that Satellite Dishes or AC Plant fitted by such Underlessees constituted or constitutes a trespass or breach of covenant.
- (b) Affects any right of the Landlord to take steps to seek to forfeit an Underlease for non-payment of sums due under the Underlease.
- (c) Affects the right of the Landlord or any Underlessee or Mr. Watson to make any application they consider appropriate in relation to the Historic Service Charges.
- (d) Limits in any way the power of Mr. Watson, under the Original Order, or this Order, to recover service charges in respect of matters other than the Major Works.

Liberty to apply

22. Mr. Watson, the Landlord and each of the Underlessees may at any time apply for further directions as to the working out of this Order, or for a further variation of this Order if that is reasonably required.

Dated: 23rd January 2012

Appendix 1: Index of expressions used in the Order above

The 2005 Consent Order	A consent order dated 28 November 2005 which provided, among other things, that Pembertons would carry out external works to the Building in order to make it wind and weatherproof for a period of three to five years and to enable the existing scaffolding to be removed until such time as a full refurbishment programme could be agreed between the parties.
The 2010 Application	The application made on 17 September 2010 by some of the Underlessees for the appointment of a manager
The AC Plant	The air conditioning plant which some Underlessees have placed on scaffolding or balconies
The Building	Aldford House, Park Lane, London, W1,
The Commercial Premises	The commercial premises forming part of the Building
The Commercial Premises Contribution	The percentage of the Major Works Costs which is the due proportion in respect of the Commercial Premises.
The Estimated Major Works Cost	Savills' estimate of the Major Works Costs
The Estimated Residential Major Works Costs	The Estimated Major Works Cost less the Commercial Premises Contribution
The Flats	The flats in the Building
The Headlease	The lease dated 14 August 1980 made between Grosvenor (Mayfair) Estate as landlord and Grantfold Limited as tenant and Gomba UK Group Limited as surety
The Historic Service Charges	Service charges either paid to Pembertons or due but not paid to Pembertons prior to the Original Order
The Landlord	The Applicant, Park Lane Holdings Inc
The Maintenance Adjustment	The adjustment made after the end of the Maintenance Year to reflect any differences between the estimated and actual expenditure on Service Charge Costs in that year
The Maintenance Contribution	the on account service charges payable by Underlessees by way of contribution to estimated Service Charge Costs and to building up a reserve to pay for future such costs
Maintenance Provision	The annual estimate of the Service Charge Costs and the amount to be put to the Reserve with appropriate adjustments
The Maintenance	The person from time to time acting as the Maintenance Trustee

Trustee	under the Underleases
The Maintenance Year	The period of twelve months beginning on 1 April and ending on 31 March
The Major Works	The works of repair to the cladding and related steel structure and any other necessary external works of repair to the Building
The Major Works Costs	The costs of the Major Works
Mr. Watson	Calum Watson of Douglas & Gordon
The Ordinary Expenditure Bank Account	The bank account held by Douglas & Gordon into which have been paid Service Charges paid by Underlessees to Douglas & Gordon in respect of costs other than the Estimated Major Works Costs
The Original Order	The order of the tribunal made on 6 July 2011 appointing Jane Munro as receiver and manager of the Building
Pembertons	Pembertons Maintenance Trustee (Alford House) Limited
The Residential Major Works Costs	The Major Works Costs, less the Commercial Parts Contribution
The Residential Service Charges	The service charges which the Underlessees are liable to pay under the Underleases and/or the Original Order as varied by this Order.
The Residential Premises	That part of the Building comprising the Flats on the first to the eighth floor inclusive in addition comprising two entrances on the ground floor rear, and the staircases and lifts serving only the Flats
The Reserve Bank Account	The bank account held by Douglas & Gordon into which have been paid Service Charges paid by Underlessees to Douglas & Gordon in respect of the Estimated Major Works Costs
The Satellite Dishes	The satellite dishes which some Underlessees have placed on the scaffolding or balconies
The Savills Specification	The specification of the Major Works prepared by Savills
The Service Charge Percentage	The percentage of the Service Charge Costs payable by the Underlessee of each of the Flats, as set out in Appendix 2
The September 2011 Demands	The demands for service charges served by Douglas & Gordon on each of the Underlessees in respect of both the Estimated Major Works Costs and the estimated cost of the other Service Charge Costs, as payable on 29 September 2011
The Service Charge Costs	The costs of the works and services set out in the Fifth Schedule to the Underlease
Service Charges	All Maintenance Contributions, Maintenance Adjustments and sums payable by the Landlord by way of contribution in respect of the

	Commercial Premises under the Sixth Schedule para 7(b).
The Service Charge Recovery Costs	The money reasonably needed to take proceedings against Underlessees to recover service charges which the Underlessees ought to contribute to the Residential Major Works Costs (“the Residential Major Works Service Charges”),
The Underlease	The underlease of Flat 34 in the Building, dated 20 July 1979 and was made between Margate Investments NV as landlord, Fawaz International Incorporated as tenant, and Holding & Management Limited as “Maintenance Trustee” which contains provisions typical of those in the Underleases
The Underleases	The underleases of the Flats
The Underlessees	The persons who are the lessees of the Flats under the Underleases
WMT	The company originally called Holding & Management Limited and later Wood Management Trustees Limited

Appendix 2: Table setting out each of the Flats, the Service Charge Percentage for each Flat, and the registered proprietor of the Underlease of each Flat

Flat no.	Service charge %	Registered proprietor
2	0.93%	First Residence Inc
3	1.46%	Zeina Arslane
10-15	4.64%	Oung Lin Chuan-Hui
11	2.65%	Lenville Limited
12	2.38%	Al Basset Company Limited
12A	2.24%	Richard Charles Martin and Janet Elizabeth Martin
14	3.35%	K Two Inc
20	2.15%	Halaj Holdings Inc
21	4.88%	MBOSE Limited
23	2.25%	MBOSE Limited
24	3.37%	Lawrence Property Holdings Limited
25	2.47%	Gary Nigel Eaborn
30	2.18%	Fordald Inc
31	2.69%	Fordald Inc
32	2.39%	Leclipse Asset Corp.
33	2.25%	Lexington Investments Limited
34	3.38%	Pine Shores Limited ¹
35	2.47%	Admirals Bay Investment Inc
41	4.66%	Denton Property Holdings and Lawrence Property Holdings Limited
42	2.39%	Omair Investment Limited
43	2.25%	Lenville Limited
44	3.36%	Aweer Property Limited
45	2.69%	Aweer Property Limited
51	4.93%	Kirama Properties Limited
52	2.24%	Kadorr France Corporation
53	2.24%	Rokkibeach Limited
54	3.39%	Rokkibeach Limited
55	2.26%	Fifty Five Aldford House Inc
60	9.97%	Park Lane Holdings Inc
70	6.25%	Park Lane Holdings Inc
80	5.24%	Akram Shammass
<i>Total</i>	100.00%	

¹ This flat was sold by Flora Dora Perfume Marketing & Research Limited to Pine Shores Limited on 20 December 2011, and the transfer is in the course of registration

Appendix 3: Calculation of the Estimated Residential Major Works Costs

Estimated Major Works Cost		
Contractor's price	£726,021	
Savills' fees at 9%	£65,342	
Admin fee	£5,000	
Total net of VAT	£796,363	
VAT at 20%	£159,273	
Total incl VAT		£955,635
Estimated Commercial Premises Contribution		
Estimated cost of Major Works as above		£955,635
<i>Less estimated cost of items included in the Savills Specification which the Commercial Premises gain no benefit from</i>		
Removal/relocation of the AC Plant: item 1.1.5 in the Savills Specification, with a sum of £15,000 allowed.	£15,000	
Removal/relocation of the Satellite Dishes: item 1.1.6 in the Savills Specification, with a sum of £1,500 allowed	£1,500	
Employment of a specialist contractor to undertake all works in connection with the temporary and permanent relocation of the Satellite Dishes: item 1.1.7 in the Savills Specification, with a sum of £3,000 allowed.	£3,000	
Repairs to the balcony soffits of the Flats: item 2.3.2 in the Savills specification and item 8.11 in the PAYE Specification (PAYE Specification being Appendix 2 of the Savills Specification), with a sum of £28,179 allowed.	£28,179	
Repairs to the balcony pointing of the Flats: item 2.3.2 in the Savills Specification and item 8.12 in the PAYE Specification, with a sum of £6,400 allowed.	£6,400	
Painting the balcony soffits of the Flats: item 2.3.2 in the Savills Specification, with a sum of £1,550 allowed.	£1,550	
Making good the brickwork and provision of providing mastic sealant around any new windows installed directly by the Underlessees: item 2.4.2 in the Savills Specification, with a provisional sum of £6,000 allowed.	£6,000	

Redecoration of the windows and doors of the Flats: item 2.6.7 in the Savills Specification, with a provisional sum of £90,000 allowed.	£90,000	
Installation of an integrated receiving system (a system for satellite, TV aerial and radio aerial signals to be received and passed to the Flats): item 2.9.1 in the Savills Specification, with a provisional sum of £14,185 allowed.	£14,185	
Creating a new access hatch to provide maintenance access to the satellite dishes on the roof: item 2.9.2 in the Savills Specification, with a sum of £3,650 allowed.	£3,650	
Total	£169,464	
Savills' fees at 9%	£15,252	
Total net of VAT	£184,716	
VAT at 20%	£36,943	
Total incl VAT		£221,659
<i>Estimated cost of works which the Commercial Premises will benefit from</i>		£733,977
Commercial Premises Contribution		20.68%
Estimated amount of Commercial Premises Contribution		£151,786
The Estimated Residential Major Works Costs		
Total estimated Major Works Costs as above	£955,635	
less		
Estimated amount of Commercial Premises Contribution as above	<u>£151,786</u>	
Estimated Residential Major Works Costs	£803,849	

Appendix 4: Service charge demands made on 29 September 2011 and amounts paid

A	B	C	D	E	F	G	H
Flat no.	Service charge %	Registered proprietor	Amount demanded on 29/9/2011 in respect of Reserve	Amount demanded on 29/9/2011 in respect of Actual Expenditure	Amount paid	Proportion of amount paid which was paid into the Reserve Bank Account	Proportion of amount paid which was paid into the Ordinary Expenditure Bank Account
2	0.95%	First Residence Inc	£3,325.00	£2,818.00	£6,143.00	£3,325.00	£2,818.00
3	1.50%	Zeina Arslane	£5,250.00	£4,450.00	£9,700.00	£5,250.00	£4,450.00
10-15	4.76%	Oung Lin Chuan-Hui	£16,660.00	£14,120.50	£0.00	£0.00	£0.00
11	2.72%	Lenville Limited	£9,520.00	£8,069.00	£8,069.00	0.00	£8,069.00
12	2.44%	Al Basset Company Limited	£8,540.00	£7,238.50	£15,778.50	£8,540.00	£7,238.50
12A	2.29%	Richard Charles Martin and Janet Elizabeth Martin	£,8015.00	£6,793.50	£14,808.50	£,8015.00	£6,793.50
14	3.43%	K Two Inc	£12,005.00	£10,175.00	£0.00	£0.00	£0.00
20	2.20%	Halaj Holdings Inc	£7,700.00	£6,526.50	£14,226.50	£7,700.00	£6,526.50
21/22	5.00%	MBOSE Limited	£17,500.00	£14,832.50	£32,332.50	£17,500.00	£14,832.50
23	2.31%	MBOSE Limited	£8,085.00	£6,852.50	£14,937.50	£8,085.00	£6,852.50
24	3.45%	Lawrence Property Holdings Limited	£12,075.00	£10,234.50	£0.00	£0.00	£0.00
25	2.53%	Gary Nigel Eaborn	£8,855.00	£7,505.00	£16,360.00	£8,855.00	£7,505.00
30/31	4.99%	Fordald Inc	£17,465.00	£14,803.00	£0.00	£0.00	£0.00
32	2.45%	Leclipse Asset Corp.	£8,575.00	£7,268.00	£15,843.00	£8,575.00	£7,268.00
33	2.30%	Lexington Investments Limited	£8,050.00	£6,823.00	£14,873.00	£8,050.00	£6,823.00
34	3.46%	Pine Shores Limited	£12,110.00	£10,264.00	£22,374.00	£12,110.00	£10,264.00

35	2.53%	Admirals Bay Investment Inc	£8,855.00	£7,505.00	£16,360.00	£8,855.00	£7,505.00
41	4.77%	Denton Property Holdings and Lawrence Property Holdings Limited	£16,695.00	£14,150.00	£0.00	£0.00	£0.00
42	2.45%	Omair Investment Limited	£8,575.00	£7,268.00	£0.00	£0.00	£0.00
43	2.30%	Lenville Limited	£8,050.00	£6,823.00	£6,823.00	£0.00	£6,823.00
44	3.44%	Aweer Property Limited	£12,040.00	£10,205.00	£10,180.00	£0.00	£10,180.00
45	2.76%	Aweer Property Limited	£9,660.00	£8,187.50	£8,187.50	£0.00	£8,187.50
51	5.05%	Kirama Properties Limited	£17,675.00	£14,981.00	£0.00	£0.00	£0.00
52	2.30%	Kadorr France Corporation	£8,050.00	£6,823.00	£14,873.00	£8,050.00	£6,823.00
53	2.30%	Rokkibeach Limited	£8,050.00	£6,823.00	£14,873.00	£8,050.00	£6,823.00
54	3.47%	Rokkibeach Limited	£12,145.00	£10,294.00	£0.00	£0.00	£0.00
55	2.32%	Fifty Five Aldford House Inc	£8,120.00	£6,882.50	£0.00	£0.00	£0.00
60	10.21%	Park Lane Holdings Inc	£35,735.00	£30,288.00	£50,488.00	£35,735.00	£14,753.00
70	6.40%	Park Lane Holdings Inc	£22,400.00	£18,985.50	£41,385.50	£22,400.00	£18,985.50
80	5.37%	Akram Shammass	£18,795.00	£15,930.00	£0.00	£0.00	£0.00

43	2.25%	Lenville Limited	£18,086.60	£0.00	£18,086.60
44	3.36%	Aweer Property Limited	£27,009.33	£0.00	£27,009.33
45	2.69%	Aweer Property Limited	£21,623.54	£0.00	£21,623.54
51	4.93%	Kirama Properties Limited	£39,629.76	£0.00	£39,629.76
52	2.24%	Kadorr France Corporation	£18,006.22	£8,050.00	£ 9,956.22
53	2.24%	Rokkibeach Limited	£18,006.22	£8,050.00	£ 9,956.22
54	3.39%	Rokkibeach Limited	£27,250.48	£0.00	£27,250.48
55	2.26%	Fifty Five Aldford House Inc	£18,166.99	£0.00	£18,166.99
60	9.97%	Park Lane Holdings Inc	£80,143.75	£35,735.00	£44,408.75
70	6.25%	Park Lane Holdings Inc	£50,240.56	£22,400.00	£27,840.56
80	5.24%	Akram Shammass	£42,121.69	£0.00	£42,121.6