

4492



FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference : LON/00BK/OLR/2016/1863

Property : 25 Grove Hall Court, Hall Road,
London NW8 9NR

Applicant : Hossein Deilami

Respondent : Brickfield Properties Limited

Type of Application : Lease extension
s.24 Leasehold Reform, Housing
and Urban Development Act 1993
Judge Dickie

Tribunal Members : Mr Jarero BSc FRICS
Judge Cowen

Date and venue of
Hearing : 19 April 2017, 10 Alfred Place,
London WC1E 7LR

DECISION

Decision of the tribunal

The tribunal determines that the premium payable for the lease extension is £235,00 according to the attached calculation.

The application

1. Application has been made under s.48(1) of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") for a determination of the premium to be paid and the terms on which an extended lease of the subject premises ("the premises") is to be granted. The premises in question are the property known as 25 Grove Hall Court, Hall Road, London NW8 9NR, registered under title number NGL548889. The freeholder is Daejan Investments (Grove Hall) Limited but they play no part in the proceedings. The Respondent is the holder of the 999 year head lease of the block and the competent landlord for the purpose of these proceedings. The Applicant is the current holder of the leasehold interest.

2. A Notice of Claim under section 42 of the Act was served by the Applicant's predecessor in title on 28 April 2016 (the valuation date) proposing a premium of £90,000 in respect of the grant of the new lease pursuant to the provisions of Part II Schedule 13 of the Act. The landlord's counter notice is dated 27 June 2016 and proposed a premium of £581,867. The Applicant purchased the existing leasehold interest on 20 May 2016 for a price of £1,430,000, taking an assignment of the Notice of Claim.
3. The subject premises are a self contained flat on the second floor of a purpose built nine storey block in a substantial development constructed in the 1920/30s comprising just over 200 flats arranged within three similar blocks. The development is portered and served by lifts. There was no allocated parking space and no private garden or other outside space, save for limited communal green spaces. The current accommodation comprises an entrance hall, cloakroom/WC, living room, kitchen, bedroom with en-suite bathroom, two further bedrooms and two further bathrooms. The Gross Internal Area is agreed at 1590 sq ft.
4. Grove Hall Court is located on the north side of Hall Road which runs between Grove End Road to the east and Maida Vale to the west in the St. John's Wood district of north west London. The tribunal carried out an inspection on 20 April 2017 of the development and the interior of the property.

The Hearing

5. At the hearing the Applicant was represented by Mr Christopher Stone of Prickett and Ellis Surveyors Limited and the Respondent by Mr Robin Sharp FRICS. By the commencement of the hearing the lease terms had been agreed and the experts had also on agreed the following facts:
 - The Deferment rate was 5%.
 - The unexpired term is 60.153 years.
 - The lease is for a term of 99 years from 24 June 1977
 - The ground rent income is £150 p.a. for the first 33 years, rising to £300 p.a. for the next 33 years and to £600 p.a. for the residue of the term.
 - Capitalisation rate at 6.5%
6. The issues in dispute between the parties were:
 - The value of the extended lease.
 - The appropriate rate of relativity to be used in calculating the premium payable for the lease.

Long Lease Value

7. The experts were not aware of any extended lease sales of similar sized flats in Grove Hall Court within 18 months of the valuation date, and took very different approaches to identifying and analysing comparable sales as a result.

8. Mr Stone relied on sales of flats 64, 102 and 170 Grove Hall Court, which (at between 835 sq ft and 973 sq ft) were all substantially smaller than the subject property. Mr Sharp did not rely on evidence of the sales of these smaller flats in Grove Hall Court because he considered they would appeal to a different type of buyer and would therefore be in a different market. He preferred to rely on sales of flats in the neighbouring block known as William Court. This adjacent block of flats is of a very similar age and style.
9. Mr Stone considered it unsafe to rely on sales of properties within William Court block as comparables, since it was not owned by the same landlord. The Respondent is part of the Freshwater group, a well known freeholder of large estates, and Mr Stone considered that its poor reputation as a landlord would depress the market value of Freshwater owned properties. He therefore did not seek to comment on Mr Sharp's adjustments to his William Court comparables.
10. However, Mr Stone's position was only anecdotal, and Mr Sharp disputed it. Mr Stone could have sought to produce sales evidence from like flats in the two very similar blocks to demonstrate any price differential, but he did not. Accordingly, the tribunal does not consider he has demonstrated on evidence that it would be appropriate to exclude sales evidence from William Court, particularly as these sales are of larger flats than the sales in Grove Hall Court, and thus more comparable and of greater evidential weight in its view.
11. In reaching its decision, the tribunal has thus had regard to all of the comparables relied on by the parties, but has placed more weight on those in William Court. The tribunal has set out those comparables in the attached Schedule 1, by reference to address, floor height, condition, area, lease term, sale price and sale date. Recorded in the schedule are the adjustments the tribunal has made for time to the valuation date, condition (to take account of the statutory assumption that the property is unimproved) and floor height in order to reach a value per square foot for the subject property of £1147. The tribunal's reasoned consideration of the adjustments proposed by each expert is below.
12. Both valuers adjusted their long leasehold value by 1% to establish freehold value. They both also considered it appropriate to adjust the comparables for time to the valuation date by reference to the Land Registry House Price Index for flats and maisonettes in the City of Westminster. The tribunal has adopted these approaches.
13. Mr Stone did not adjust his three comparables for floor height in reaching his valuation of the subject flat. Mr Sharp's approach in adjusting his comparables by 0.5% per floor is preferred by the tribunal. Having had the advantage of inspecting from the common parts the view from various aspects and floor levels of the development, it considers this offers sufficient subtlety to take account of the increasing light and decreasing noise floor by floor, and the significantly improved views on the uppermost floors. Given the number

of comparables. the tribunal did not consider it necessary to adjust each for its aspect (N/S/E/W).

Grove Hall Court Comparables

14. Adjusting the sale prices for time to achieve a value at the relevant date, Mr Stone derived per square foot values of £1,005, £1,285 and £1,219 for flats 64, 102 and 170 Grove Hall Court. He used a value of £1,132 psf for the subject property on the valuation date. This was lower than the average of the three, as Mr Stone considered that there was a premium on smaller flats owing to a more competitive market for them. Mr Sharp disagreed – being of the view that there was a premium for larger flats such as the subject premises. Neither valuer produced evidence in support of his opinion. However, their evidence on this point is sufficient for the tribunal to take the view that it is safer to give more weight (approximately double the weight in this case) to sales of flats of a similar size, to reduce any effect of per square metre price variations owing to a large differential in floor area.
15. Furthermore, the tribunal considers less weight can be placed on the sale of flat 64 Grove Hall Court as it cannot be sure of the sale price which appears on Lonres, or of the date of sale, as this has not yet been recorded at the Land Registry. In addition, this sale was a little far from the valuation date.
16. The sale of 170 Grove Hall Court had taken place on 1 July 2016. The tribunal became aware in another application under s.24 Leasehold Reform, Housing and Urban Development Act 1993 heard on the same day in respect of 128 Grove Hall Court (in which Mr Sharp acted as valuer for the landlord) that the same flat had in fact sold on 21 May 2015 in an unimproved condition. Mr Stone however did not seek to rely on this earlier sale in forming his expert opinion as to valuation, and did not address the tribunal on this evidence at all, and the tribunal had thus not had regard to it in determining this application.

William Court Comparables

17. Mr Sharp relied on recent sales of flats 21, 61 and 81 William Court. Only 81 William Court was sold with an allocated parking space. Mr Sharp had garnered from discussions with agents that £50,000 was an appropriate valuation for that parking space. Mr Stone felt that this was not enough but had no local evidence, and the tribunal accepts Mr Sharp's adjustment.
18. Mr Sharp's evidence was that he understood flat 21 had been dated and required refurbishment, and that flat 61 had been in a much better condition but not quite so good as flat 81, which had been refurbished in 2012. The tribunal felt on the little information it had about the condition of flats 21 and 61, it was appropriate to leave both unadjusted, and that any difference in condition between them would be approximately cancelled out. However, flat

81 having been completely refurbished in 2012 before a 2015 sale, the tribunal considered that the price required adjustment for condition by 7.5%.

19. The tribunal accepts all Mr Sharp's other adjustments for these comparables, other than those made for better bathing / cloakroom facilities in the subject premises as such facilities in the comparables are more than adequate for a property of this size and not likely to affect value. Mr Sharp had made an upward adjustment of £10,000 to the sale of 61 William Court for the subject flat's guest cloakroom and an upward adjustment of £25,000 to the sale price of 81 William Court, which had two bathrooms and a guest cloakroom.
20. Mr Sharp took a figure slightly above the average of the adjusted sales in William Court as his value per square foot in calculating the extended lease value of the subject flat, to take account of the sale of 21 being out of line with the other two, the fact that all three leases contained a ground rent, and because their term was shorter than the extended term of the subject flat. Thus he took a figure of £1,250 psf which produced an extended lease value for the subject flat of £1,987,500.
21. The tribunal ...assesses the freehold value of the subject at £1,147 p sq.ft. and accordingly the unimproved freehold value of the flat at £1,823,730

Relativity

22. Statutory provisions setting out the premium payable by a lessee in respect of the grant of a lease extension are contained within Part II of Schedule 13 to the Act. By virtue of Paragraph 3(2)(b) the valuation of the landlord's interest must be carried out in what is known as a "No Act world".
23. The approach to relativity in future cases was considered by the Upper Tribunal in *The Trustees of the Sloane Stanley Estate -v- Mundy* [2016] UKUT 0223 (LC). At the end of its decision, in discussing a series of issues under the heading "Future Cases", the Upper Tribunal said:

"166 Secondly, the valuations required under schedule 13 to the 1993 Act relate to market value on the statutory hypotheses. When the parties attempt to negotiate the amount of a premium in accordance with schedule 13 and when the tribunal comes to determine a dispute as to the amount of such a premium, the relevant valuation date will generally be a date in the past. The parties and the tribunal must focus on the state of the market at that date. What matters is how the market performed at that date. If the market, for example, for leases with rights under the 1993 Act at that date was influenced by certain matters, then that influence must be taken into account. For example, if the market at a date in the past was influenced by a particular graph of relativity then that influence is a market circumstance which is to be taken into account. It is not open to a party when discussing the market at a date in the past to suggest that the market was badly informed or operating

illogically or inappropriately in order to invite the tribunal to replace actual market forces with what are suggested to have been more logical or appropriate considerations.

167. Thirdly, it is possible that the market might perform differently in the future from the way it has performed in the past. It is possible that in the future less weight will be given in the market to a particular graph or a new graph might emerge. If those new developments affect market behaviour then they must be taken into account when assessing market forces. It is conceivable that decisions of the tribunals might also influence valuers and in turn influence parties in the market. If that were to occur, then the changed market circumstances before a relevant valuation date must be taken into account when considering market value at that date.
168. Fourthly, in some (perhaps many) cases in the future, it is likely that there will have been a market transaction at around the valuation date in respect of the existing lease with rights under the 1993 Act. If the price paid for that market transaction was a true reflection of market value for that interest, then that market value will be a very useful starting point for determining the value of the existing lease without rights under the 1993 Act. It will normally be possible for an experienced valuer to express an independent opinion as to the amount of the deduction which would be appropriate to reflect the statutory hypothesis that the existing lease does not have rights under the 1993 Act.
169. Fifthly, the more difficult cases in the future are likely to be those where there was no reliable market transaction concerning the existing lease with rights under the 1993 Act, at or near the valuation date. In such a case, valuers will need to consider adopting more than one approach. One possible method is to use the most reliable graph for determining the relative value of an existing lease without rights under the 1993 Act. Another method is to use a graph to determine the relative value of an existing lease with rights under the 1993 Act and then to make a deduction from that value to reflect the absence of those rights on the statutory hypothesis. When those methods throw up different figures, it will then be for the good sense of the experienced valuer to determine what figure best reflects the strengths and weaknesses of the two methods which have been used."

The Landlord's Position

24. Mr Sharp considered that he was guided by this decision in the present case, and that where there is a recent real-world sale of a lease he should take that price and deduct for 1993 Act rights based on his professional experience. He therefore based his view on the appropriate rate of relativity derived from the sale of the subject property for £1,430,000 on 20 May 2016. He adjusted that downwards to £1,361,084 for time, as the market went up between April and

May 2016, and then upwards by 5% for condition, as the property had been refurbished since purchase but not, in his opinion, to universal taste.

25. Mr Sharp then adjusted downwards by 10% to allow for Act rights. In *Mundy* these rights were described as substantial and 10% was decided for a lease with 41.32 years unexpired. Mr Sharp said a number of tribunals, but not all, had accepted c.10% for Act rights, and provided references to some of them. He considered 10% reasonable to adopt in this case, noting the location is not in prime central London but in a well-regarded location outside the centre.
26. Given that the guidance in paragraph 168 of *Mundy* had been satisfied, Mr Sharp considered no reference to the graphs of relativity was required. He also felt that, as there was a lot of information in a detailed report on condition (prepared by Land Commercial Surveyors Ltd. prior to purchase and produced in evidence by Mr Stone), it was not unsafe to rely on only one comparable for the purpose of determining relativity.
27. Using his adjusted existing lease valuation excluding Act rights of £1,286,224 and his freehold valuation of £2,007,574, Mr Sharp derived a relativity of 64.07%.

The Tenant's Position

28. Mr Stone also sought to derive a figure for relativity by starting with the May 2016 sale price of £1,430,000. He adjusted downwards by 5% to allow for the statutory assumption that the value of the unexpired term is in a "no-Act" world, and compared this to a figure of 4.89% specified from an average of all of the relevant Prime Central London graphs of relativity. He adjusted it by £150,000 upwards to take account of the dilapidations identified in the survey of condition report, which referred to the need to renew electrical services, refit the kitchen and bathrooms, replaster and redecorate extensively. Using his freehold valuation of £1,839,65 and his adjusted short lease valuation of £1,500,000, Mr Stone thus derived a relativity of 81.5%.
29. Mr Stone used as a check the sale of 134 Grove Hall Court, a 458 square foot flat on a 59.5 year unexpired lease term, from which he derived a relativity of 81.23%, though he acknowledged it was not a particularly comparable property,
30. Finally, Mr Stone referred to the RICS 2009 report on graphs of relativity, since the valuation date was prior to the decision in *Mundy*, when the use of such graphs was seen as the most appropriate method of determining relativity. He adopted the Gerald Eve graph, which gave a relativity of 81.09%

The Tribunal's Decision on Relativity

31. The valuation date in this case is before the date of the decision in *Mundy*. The Upper Tribunal in that case made it clear that there must be focus on the state of the market, and the actual influences upon it, as at that valuation date. Thus, when the Upper Tribunal was giving advice in respect of "future cases", the tribunal takes the view that it should be understood principally to have been referring to future cases where the valuation date is after the issue of the decision in *Mundy*. That decision itself would have an effect on the market thereafter. At the valuation date in this case the market would have been influenced by market evidence and, where that was not conclusive, by the graphs of relativity.
32. The tribunal was referred to the decisions of the Lands and Upper Tribunal in the well-known cases of *Nailrile Ltd v Earl Cadogan* LRA/114/2006, *Arrowdell Limited v Coniston Court (North) Hove Limited*, LRS/72/2005 and *Re. Cooltrace's Appeal* UKUT 69 (LC), and following this guidance is required to do the best it can with market evidence before using the graphs of relativity. In the present case, the tribunal does not consider that a single sale (the subject property) provides a sufficiently robust basis for determining relativity. It does not consider that the decision in *Mundy* limits the relevant market evidence for consideration to a sale, if any, of the subject premises. That market value, the Upper Tribunal said, would be a very useful "starting point", but it need not be the end. The tribunal thus prefers Mr Stone's approach in checking the relativity derived from the subject property against other market evidence and then against the most appropriate graphs.
33. The tribunal does not agree with Mr Sharp's adjustment to the sale price of the subject property of 10% for Act rights. This unexpired lease term is substantially longer than that in *Mundy*. The tribunal was referred to the approach of the Upper Tribunal in *Re: 38 Cadogan Square* [2011] UKUT 154 (LC) (at paragraph 79), in which it formed the view that to a limited degree the difference between the Savills (2002) enfranchiseable table, which represents relativities for leases with Act rights, and the Gerald Eve graph 1996, which excludes any rights, assists in deciding the order of magnitude of a deduction for Act rights, as that difference in relativities for equal unexpired terms should (theoretically) represent the value of Act rights. The deduction derived in this way for the current unexpired lease term was 6.11% and this property's location placing it in a market not dissimilar from Prime Central London, the tribunal prefers to adopt this, albeit imperfect, market based approach in the present case to the opinion based position of the valuers.
34. The tribunal considers that Mr Stone's adjustment of £150,000 for the condition of the subject property was far too high, and represented actual the cost of the property's complete refurbishment. It prefers Mr Sharp's 5% adjustment for condition. Thus, the tribunal reaches a relativity of 69.94% based on an analysis of the sale of the subject property.
35. The tribunal had regard to the sale of flat 134 Grove Hall Court (but did not agree with Mr Stone's adjustment to the sale price for time). Using its own price per square foot, this sale indicated a relativity in the region of 90%.

Acknowledging that this was a much smaller flat (which might make a difference to the price per square foot), the sale at least suggests that the relativity derived from the sale of the subject flat is low, and that the market evidence (including the sale of flat 36 – a studio flat referred to by Mr Stone) is not a sufficiently reliable indicator of relativity on its own

36. The tribunal prefers to have regard as well to the relevant graphs of relativity. The industry standard graph which the tribunal considers would have been of influence in the market at the valuation date, in spite of its acknowledged shortcomings, was that produced by Gerald Eve, which Mr Stone supported in the absence of empirical evidence. This shows a relativity of 81.09%. Furthermore, the tribunal considers the Savills 2002 graph for Prime Central London would have been considered relevant in the market. It produces a relativity of 85.26%.
37. The tribunal, having regard to the evidence first and then the graphs thus arrives at a figure for relativity of 78.76% by averaging the figures from each of these three sources.
38. Accordingly, the tribunal determines the Premium payable at £235,000 as shown on the valuation.

F. DICKIE

2 June 2017

Leasehold Reform, Housing and Urban Development Act 1993

Schedule 13

Part II

PREMIUM PAYABLE IN RESPECT OF GRANT OF NEW LEASE

Premium payable by tenant

2 The premium payable by the tenant in respect of the grant of the new lease shall be the aggregate of—

- (a) the diminution in value of the landlord's interest in the tenant's flat as determined in accordance with paragraph 3,
- (b) the landlord's share of the marriage value as determined in accordance with paragraph 4, and
- (c) any amount of compensation payable to the landlord under paragraph 5.

Diminution in value of landlord's interest

3(1) The diminution in value of the landlord's interest is the difference between—

- (a) the value of the landlord's interest in the tenant's flat prior to the grant of the new lease; and
- (b) the value of his interest in the flat once the new lease is granted.

(2) Subject to the provisions of this paragraph, the value of any such interest of the landlord as is mentioned in sub-paragraph (1)(a) or (b) is the amount which at the relevant date that interest might be expected to realise if sold on the open market by a willing seller (with neither the tenant nor any owner of an intermediate leasehold interest buying or seeking to buy) on the following assumptions—

- (a) on the assumption that the vendor is selling for an estate in fee simple or (as the case may be) such other interest as is held by the landlord, subject to the relevant lease and any intermediate leasehold interests;
- (b) on the assumption that Chapter I and this Chapter confer no right to acquire any interest in any premises containing the tenant's flat or to acquire any new lease;
- (c) on the assumption that any increase in the value of the flat which is attributable to an improvement carried out at his own expense by the tenant or by any predecessor in title is to be disregarded; and
- (d) on the assumption that (subject to paragraph (b)) the vendor is selling with and subject to the rights and burdens with and subject to which the relevant lease has effect or (as the case may be) is to be granted.

(3) In sub-paragraph (2) "the relevant lease" means either the tenant's existing lease or the new lease, depending on whether the valuation is for the purposes of paragraph (a) or paragraph (b) of sub-paragraph (1).

(4) It is hereby declared that the fact that sub-paragraph (2) requires assumptions to be made as to the matters specified in paragraphs (a) to (d) of that sub-paragraph does not preclude the making of assumptions as to other matters where those assumptions are appropriate for determining the amount which at the relevant date any such interest of the landlord as is mentioned in

sub-paragraph (1)(a) or (b) might be expected to realise if sold as mentioned in sub-paragraph (2).

(5) In determining any such amount there shall be made such deduction (if any) in respect of any defect in title as on a sale of that interest on the open market might be expected to be allowed between a willing seller and a willing buyer.

(6) The value of any such interest of the landlord as is mentioned in sub-paragraph (1)(a) or (b) shall not be increased by reason of—

(a) any transaction which—

(i) is entered into on or after the date of the passing of this Act (otherwise than in pursuance of a contract entered into before that date), and

(ii) involves the creation or transfer of an interest superior to (whether or not preceding) any interest held by the tenant; or

(b) any alteration on or after that date of the terms on which any such superior interest is held.

Landlord's share of marriage value

4(1) The marriage value is the amount referred to in sub-paragraph (2), and the landlord's share of the marriage value is 50 per cent. of that amount.

(2) Subject to sub-paragraph (2A), the marriage value is the difference between the following amounts, namely—

(a) the aggregate of—

(i) the value of the interest of the tenant under his existing lease,

(ii) the value of the landlord's interest in the tenant's flat prior to the grant of the new lease, and

(iii) the values prior to the grant of that lease of all intermediate leasehold interests (if any); and

(b) the aggregate of—

(i) the value of the interest to be held by the tenant under the new lease,

(ii) the value of the landlord's interest in the tenant's flat once the new lease is granted, and

(iii) the values of all intermediate leasehold interests (if any) once that lease is granted.

(2A) Where at the relevant date the unexpired term of the tenant's existing lease exceeds eighty years, the marriage value shall be taken to be nil.

(3) For the purposes of sub-paragraph (2)—

(a) the value of the interest of the tenant under his existing lease shall be determined in accordance with paragraph 4A;

(aa) the value of the interest to be held by the tenant under the new lease shall be determined in accordance with paragraph 4B;

(b) the value of any such interest of the landlord as is mentioned in paragraph (a) or paragraph (b) of sub-paragraph (2) is the amount determined for the purposes of paragraph 3(1)(a) or paragraph 3(1)(b) (as the case may be); and

(c) the value of any intermediate leasehold interest shall be determined in accordance with paragraph 8, and shall be so determined as at the relevant date.

4A (1) Subject to the provisions of this paragraph, the value of the interest of the tenant under the existing lease is the amount which at the relevant date that interest might be expected to realise if sold on the open market by a willing seller (with neither the landlord nor any owner of an intermediate leasehold interest buying or seeking to buy) on the following assumptions—

(a) on the assumption that the vendor is selling such interest as is held by the tenant subject to any interest inferior to the interest of the tenant;

(b) on the assumption that Chapter I and this Chapter confer no right to acquire any interest in any premises containing the tenant's flat or to acquire any new lease;

(c) on the assumption that any increase in the value of the flat which is attributable to an improvement carried out at his own expense by the tenant or by any predecessor in title is to be disregarded; and

(d) on the assumption that (subject to paragraph (b)) the vendor is selling with and subject to the rights and burdens with and subject to which any interest inferior to the existing lease of the tenant has effect.

(2) It is hereby declared that the fact that sub-paragraph (1) requires assumptions to be made in relation to particular matters does not preclude the making of assumptions as to other matters where those assumptions are appropriate for determining the amount which at the interest of the tenant under his existing lease might be expected to realise if sold as mentioned in that sub-paragraph.

(3) In determining any such amount there shall be made such deduction (if any) in respect of any defect in title as on a sale of that interest on the open market might be expected to be allowed between a willing seller and a willing buyer.

(4) Subject to sub-paragraph (5), the value of the interest of the tenant under his existing lease shall not be increased by reason of—

(a) any transaction which—

(i) is entered into after 19th January 1996, and

(ii) involves the creation or transfer of an interest inferior to the tenant's existing lease; or

(b) any alteration after that date of the terms on which any such inferior interest is held.

(5) Sub-paragraph (4) shall not apply to any transaction which falls within paragraph (a) of that sub-paragraph if—

(a) the transaction is entered into in pursuance of a contract entered into on or before the date mentioned in that paragraph; and

(b) the amount of the premium payable by the tenant in respect of the grant of the new lease was determined on or before that date either by agreement or by a leasehold valuation tribunal under this Chapter.

25 Grove Hall Court

Analysis of comparables

25 Grove Hall Court

2

Valuation date

28 April 2016

99.54

Address	Floor	Condition	Area (sq. ft.)	Remaining term (yrs)	Sale price	Sale date	Land Reg. index	Time adjustment	Adjust for condition	Adjust for floor at 0.5% per floor	Adjust for parking space @ £50,000	Adjust to notional freehold	Adjusted rate per sq. ft.	Weighting	Freehold rate per sq. ft.
102 Grove Hall Court	7	Beautifully presented	877	151	£1,175,000	19/01/2016	104.89	£1,115,068	£1,040,068	£1,014,066	£1,014,066	£1,024,310	£1,168	12.50%	£146.00
178 Grove Hall Court (2nd sale)	2	Newly refurbished	836	150	£1,080,000	01/07/2016	103.85	£1,035,178	£931,660	£931,660	£931,660	£941,071	£1,126	12.50%	£140.71
64 Grove Hall Court	1	In act condition	973	110	£1,025,000	15/03/2017	116.85	£920,419	£920,419	£925,022	£925,022	£934,365	£960	6.00%	£57.62
21 William Court	1	In act condition	1571	106	£1,720,000	01/09/2016	96.5	£1,774,184	£1,774,184	£1,783,055	£1,783,055	£1,801,066	£1,146	23.00%	£263.68
61 William Court	3	In act condition	1554	106	£1,950,000	29/08/2014	97.24	£1,996,123	£1,996,123	£1,986,142	£1,986,142	£2,006,204	£1,291	23.00%	£296.93
81 William Court	4	Refurbished	1571	106	£2,115,000	13/11/2015	103.76	£2,028,981	£1,876,808	£1,689,127	£1,639,127	£1,655,684	£1,054	23.00%	£242.40
														100% say	£1,147.33 £1,147

First Tier Tribunal (Property Chamber)

Appendix A

Ref: LON/00BK/OLR/2016/1863

Valuation of Flat 25, Grove Hall Court, Hall Road London NW8 9NR

Valuation Date	26 April 2016
Lease commencement	24 June 1977
Unexpired term	60.153 years
Ground rent pa.	
First 33 years	£150
Second 33 years	£300
Remainder	£600
Unimproved vacant freehold value pfs	£1,147
Floor area	1590 fs
Unimproved vacant freehold value	£1,823,730
Value of extended lease	£1,805,493
Relativity for existing lease	78.76%
Value of existing lease	£1,436,370
Deferment rate	5%
Capitalisation rate	6.5%

Valuation of Freeholder's current interest

Ground rent			
2nd period	£300		
YP 27.153 yrs @ 6.5%	12.6019	£3,781	
3rd period	£600		
YP 33 yrs @ 6.5%	13.4591		
PV of £1 in 27.153 yrs @ 6.5%	0.1808	£1,460	
Reversion to freehold value	£1,823,730		
Deferred 60.153 yrs @ 5%	0.0531	£96,840	
		<u>£102,081</u>	
Freeholder's interest after enfranchisement			
Reversion to freehold value	£1,823,730		
Deferred 150.153 yrs @ 5%	0.00066	£1,204	
Diminution in freeholder's interest		<u>£100,877</u>	

Marriage Value

Value after enfranchisement			
Freeholders interest	£1,204		
Tenant's interest	<u>£1,805,493</u>	£1,806,697	
Value before enfranchisement			
Freeholders interest from above	£102,081		
Tenant's interest	£1,436,370	<u>£1,538,451</u>	
Marriage value		£268,246	
Divide equally between parties			<u>£134,123</u>
Premium payable to freeholder			£235,000