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Ref LON/LVT/1651/03

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

**DECISION OF LEASEHOLD VALUATION TRIBUNAL
ON AN APPLICATION UNDER S21 OF THE LEASEHOLD REFORM ACT 1967 AS
AMENDED BY THE LEASEHOLD REFORM, HOUSING AND URBAN
DEVELOPMENT ACT 1993**

Applicant: John Lyon's Charity

Respondent: Mr & Mrs Daniel Gold

RE: 31 Hamilton Terrace, NW8

Application date: 9 October 2003

Hearing date: 18 February 2004

Appearances: For the Applicants: Mr D Greenish and
Mr C Myers of Pemberton Greenish, who called
Mr P Hamilton BSc MRICS of Cluttons Surveyors

For the Respondents: Mr G Buchanan BSc
(Est Man) MRICS of Chestertons instructed by
Marshall Ross Prevezer Solicitors

Members of the Leasehold Valuation Tribunal:

Mrs J McGrandle BSc (Est Man) MRICS MRTPI (Chairman)
Miss M Krisko BSc (Est Man) BA FRICS

Date of Tribunal's decision: 30 April 2004

1.0 Introduction

1.1 This is an application made by John Lyon's Charity ("the applicants") for the determination of the enfranchisement price as at 4 June 2003, the date of notice of claim, for the freehold interest under s.9 (1C) of the Leasehold Reform Act, 1967, as amended by the Leasehold Reform, Housing and Urban Development Act, 1993, in respect of the house and premises at 31, Hamilton Terrace, NW8 ("the property").

1.2 The property is held under a lease dated 31 December 1948 for a term of 99 years expiring on 24 June, 2046 with a ground rent of £100 per annum without review. The unexpired term at the date of valuation is 43.06 years. The notice of claim was assigned together with the leasehold interest to the respondents, Mr and Mrs Daniel Gold, on 4 February, 2004.

1.3 Subsequent to the hearing, the Tribunal made an internal inspection of the subject property and an external inspection of a number of comparables in the area quoted by the parties.

2.0 The Property

2.1 This comprises a substantial 4-storey (basement, ground and two upper floors) link detached house situated on the south-west side of Hamilton Terrace at its southern end. Within the St John's Wood conservation area but unlisted, the property is a period house with a garage and a large rear garden.

2.2 Since 1948 there have been six licences granted for alterations or changes of use to the property, including conversion of the property from flats to a house and extensions at basement and ground floor level. It was not disputed by the applicants that these alterations were improvements which added substantially to the value of the property.

3.0 Agreed facts

3.1 A statement of agreed facts dated 16 February 2004 is attached as Appendix 1. In particular, the GIA before and after improvements is respectively 5,700 sq.ft and 6,739 sq.ft. The lease assignment of 4 February 2004 is acknowledged. Both parties adopted the Savills index in adjusting for market movement.

4.0 Issues

- 4.1**
- 1) The unimproved freehold value of 31 Hamilton Terrace
 - 2) The unimproved existing lease value of 31 Hamilton Terrace
 - 3) The effect on value of improvements
 - 4) Yield

4.2 Mr Hamilton, for the applicants, assessed the unimproved freehold value @ £4.40m and the unimproved leasehold value @ £2.825m. He sought an enfranchisement price of £967,271. Mr Buchanan's figures, for the respondents, were respectively £3.75m and £2.55m. He offered an enfranchisement price of

£739,071. The respective valuations are attached as Appendices 2 and 3.

5.0 Hearing

1) The case for the applicants

5.1 Mr Greenish called Mr Hamilton to give valuation evidence.

Improvements

5.2 Dealing first with the improvements, Mr Hamilton listed chronologically the six licences granted between 1952 and 2003, the most important of which were:

1954: Internal alterations

1966: The re-conversion of the property from a maisonette and two flats to a family house

1997: Internal alterations on all floors plus some minor external alterations

2003: Internal alterations and extensions at basement and ground floor levels

He conceded that the improvements had been substantial.

Unimproved freehold value

5.3 In support of his figure of £4.40m for the unimproved freehold value, he acknowledged the difficulty of putting a figure on the extensive improvements which had been carried out during the lease. He therefore chose to take as comparables houses converted into flats but sold with potential for re-conversion to a family house. In adopting this approach he relied on a recent Lands Tribunal decision, *WS and F Fattal v The Keepers and Governors of the Free School of John Lyon (2003)*.

5.4 82 Hamilton Terrace. A link detached period house on four floors that had been converted into four self-contained flats. A lease for 125 years was sold in August 2001 for £3,150,000; the purchase excluded the attached coach house which overlooked the back garden. The house is currently being converted back to a family house and the Tribunal were informed that subsequent to the sale planning permission was granted for a rear extension.

5.5. Adjusting the sale price to take account of:

- Cost of freehold cf. lease of 125 years (+ £30,000)
- Market movement August 2001/June 2003 (5% - + £159,000)
- Relative GIAs (+£354,600)
- Benefit of No. 31 not being over-looked at the rear (+£50,000)
- Potential to extend at No. 31 (+£170,656)

and in each case giving a full explanation for his adjustments, Mr Hamilton reached an adjusted figure for the subject property on the basis of this comparable of

£3,914,256.

5.6 In particular, it was Mr Hamilton's view that the purchase price at No. 82 did not reflect any potential for extension and that indeed had been the Lands Tribunal's findings in the *Fattal* case where the transaction had been quoted in evidence. He had valued this potential for the (unimproved) subject property by assessing the site value of the extension @ 25% of the value of the extension. This reasoning followed the *Fattal* decision although in his view 40% would have been the appropriate figure.

5.7 100 Hamilton Terrace. A detached period house on four floors that had been converted into four flats. Sold freehold in July 2002, following completion of an enfranchisement claim, for £3,950,000. Adjusting this sale price to take account of:

- Market movement July 2002/June 2003 (0.9% - +£35,550)
- Relative GIAs (+£694,150)
- Extension potential at No. 31 (+£213,255)

Mr Hamilton reached an adjusted sale price of £4,892,955 using the rationale adopted for No. 82.

5.8 31 Hamilton Terrace. Mr Hamilton then looked at the assignment of the leasehold interest in the subject property in February 2004 to see if he could derive a freehold value from this transaction. Here the lease of 43 years with the benefit of a notice of claim was assigned for £5.25m. Adjusting for -

- Market movement (0.3% - - £157,500)
- 1967 Act rights (15%)
- Conversion of 43 year unexpired term to freehold (64%relativity)
- Internal alterations
- External alterations
- Extension potential

Mr Hamilton reached a figure of £4,412,918.

5.9 In reaching a value for internal improvements, Mr Hamilton had adopted the rate per sq.ft. (£261) determined by the Lands Tribunal in the *Fattal* case and applied that figure to the unimproved floorspace (5,700 sq.ft.). External alterations ie space improvements were valued pro rata to the whole house. The extension potential was valued, as before, @25% of the value of the extension.

5.10 In an addendum report, Mr Hamilton also analysed the sales of Nos. 96 and 102, Hamilton Terrace, both dealt with by Mr Buchanan. He considered that neither of these transactions was helpful. In particular, he thought that the layout at No. 102, with an emphasis on reception rooms and with only four bedrooms, was not to every one's taste and would be expensive to re-organise.

5.11 Mr Hamilton concluded by stating that none of the comparables was perfect. He adopted as his unimproved freehold value the figure of £4,406,710, say,

£4,400,000, which was the average of his three analyses.

Unimproved leasehold value

5.12 Mr Hamilton relied upon the Eyre and John Lyon's Charity Estates' graph of settlements and adopted a relativity of approximately 64% to reach a figure of £2,825,000.

Yield

5.13 Mr Hamilton adopted a yield of 6% for both capitalising the term and discounting the reversion, arguing that this rate had been adopted in the majority of settlements and Tribunal decisions in Hamilton Terrace.

2) The case for the respondents

5.14 Mr Buchanan, appearing as both advocate and expert witness, approached his valuation by taking the recent leasehold transaction at the subject property; deriving from that an improved freehold value; assessing the value of tenant's improvements and deducting that from his fully improved value. As a check he then examined comparable evidence.

1) Fully improved freehold value

5.15 The lease of the subject property was under contract for sale for £5.25m in December 2003. Adjusting for market movement (-3%), rights (-20%) and relativity (67.5%), Mr Buchanan reached an improved freehold value of just over £6.0m. (£890 pfs).

5.16 He then needed to discount this figure by the value of tenant's improvements. He assessed these at £2,245,000 (or 37.4% of the improved value) which he reached by assessing "space improvements" at £694,000 and "other improvements" at £1,551,000, a total of £2,245,000. He had calculated "space improvements" by applying the extra floorspace created (1,039 sq.ft.) to the adjusted improved value unit price (£890 pfs) and then discounting for development potential. He had calculated the value of "other improvements" by taking the subject property's improved freehold value (just over £6m) less space improvements ie £5,306,000; compared this with the unimproved value (£3,755,000) and ascribed the difference - £1,551,000 - to "other improvements".

5.17 Accordingly, his unimproved freehold value on the basis of the subject property's very recent lease transaction was £3,755,000.

5.18 As a check, Mr Buchanan then considered four comparables in Hamilton Terrace, two of which (Nos. 82 and 100) were unimproved and also common to Mr Hamilton, one (No. 96) partially improved and one (No. 102) fully improved. In order to equate the sale of the latter two to the subject property's unimproved freehold value, he had discounted for tenant's improvements as already valued by

him.

5.19 82 Hamilton Terrace. Adjusting the sale price of £3,150,000 in August 2001 for:

- Market movement (+ £125,000)
- Benefit of freehold (+£30,000)

this indicated an unimproved freehold value of £3,305,000 (£641 pfs) at the valuation date.

5.20 100 Hamilton Terrace. Sold for £3,950,000 in July 2002. Adjusting for

- Market movement (+£40,000)
- Garage and off street parking (+£150,000)

this indicated an unimproved freehold value of £4,140,000 (£853 pfs) at the valuation date. For reasons given by him, Mr Buchanan considered the purchase price to be an over-payment.

5.21 96 Hamilton Terrace. Sold for £4.2m. (£525 pfs) in June 2003 having been re-constructed to only a shell finish following an earlier sale in August 2000 to a speculator for £3.1m.

5.22 102 Hamilton Terrace. Sold fully modernised in December 2000 for £4.5m. Adjusting for market movement (+£825,000), this indicated a freehold value of £5.325m (£887.5 pfs) at the valuation date.

5.23 Having considered the wide disparity in values thrown up by his four comparables, Mr Buchanan concluded that no reliance could be placed on the transactions at Nos. 96 and 100. However, having derived values of £3.75m from an analysis of No. 82 (£641 pfs x 5,700 sq.ft. + adjustments of £100,000 to reflect the benefit of a garage and less overlooking), his best comparable, £3.755m from an analysis of the subject property and support for his improved freehold value of £6.0m from No. 102 (£887.50 pfs x 6,739 sq.ft.= £5.98m) he adopted the figure of £3.75m. for his unimproved freehold value.

Unimproved leasehold value

5.24 Considering that the best evidence of leasehold value was to be derived from the recent sale of 31 Hamilton Terrace, the subject property, Mr Buchanan took the sale price of £5.25m, adjusted for market movement (-3%) and for rights (-20%) to reach an improved leasehold value of £4,074,000. He then deducted 37.4% from this figure to represent tenant's improvements ie the percentage he had determined in relation to his improved freehold value to reach an unimproved leasehold value of £2,550,000, a relativity to the unimproved freehold of 68%.

Yield

5.25 Mr Buchanan adopted a yield of 6.25%, referring the Tribunal to the Lands Tribunal decision *John Lyon's Charity v Peter Shalson* (2001), where the LVT figure of 6.25% had been upheld. He also stated that this yield was appropriate in the absence of any rent review provisions in the subject property's lease.

6.0 Inspection

6.1 The Tribunal inspected the property on 8 March 2004. A substantial link detached, double-fronted stuccoed house of four storeys (basement, ground and two upper floors), it was located in that section of Hamilton Terrace south of Hall Road. There was a garage together with further secure off-street parking for one car.

6.2 Internally the Tribunal noted the extensive range of improvements, all of which are on file, including the lift from garage to basement; joinery and lighting; air cooling/heating system; total redesign of first floor including sauna and dressing rooms; second floor bedroom suites.

6.3 There was a large south-west-facing landscaped rear garden which was overlooked, albeit at a distance of some 70 m from the property's rear elevation, by an 8-storey block of flats fronting Maida Vale. The Tribunal noted the manner in which the property had been extended at the rear, at basement and ground floor levels, including the balcony with its cast iron staircase. They were also able to view from the garden the rear elevations of neighbouring properties in the terrace.

6.4 Nos. 82, 96, 100 and 102 Hamilton Terrace were viewed from the road.

7.0 Decision

Unimproved freehold value

7.1 The *Fattal* case concerned the valuation of a property in Hamilton Terrace subject to substantial tenant's improvements. In that case it was held that there are two ways of deriving unimproved freehold value - the "bottom up" approach whereby unimproved comparables are the principal ones to be considered and the "top down" approach whereby from the value of the fully improved house is deducted the value of the improvements.

7.2 In this particular case the Tribunal has been offered two unimproved comparables and, unusually, an open market sale of the subject property's improved leasehold interest within a few months of the valuation date. Both valuers arrived at their figures after an analysis adopting both approaches.

7.3 Dealing first with the two unimproved comparables common to both valuers, Nos. 82 and 100 Hamilton Terrace, Mr Hamilton regarded No. 82, where the subject property emerged from his analysis @ £3,914,256 or £687 pfs, after giving No. 31 the benefit of planning potential and less overlooking, as being on the low

side as the lower ground floor at No.82 was in poor condition. He also believed, in justification of his addition of a sum for planning potential, that No. 82's transaction had excluded development potential. His analysis of No.100 produced a figure for the subject property of £4,892,955 or £858 pfs.

7.4 Mr Buchanan's best comparable, not surprisingly, was No. 82 which, after adjusting only for market movement, benefit of freehold and floor area, produced a figure for the subject property of £3,653,700 or £641 pfs.

7.5 He regarded No. 100, where he reached an adjusted figure of £4,862,100 (£853 pfs), which included a sum for the benefit of no. 31's garage and off-street parking, as an over-payment.

7.6 Both valuers had to concede that the transactions at Nos. 82 and 100 threw up wide discrepancies as between each transaction, namely:

	Mr Hamilton (£pfs)	Mr Buchanan (£pfs)
No. 82	687	641
No.100	858	853

7.7 Mr Buchanan also mentioned in passing that No. 96 Hamilton Terrace had sold unmodernised (4,700 sq.ft.)in August 2000 for £3.1m.

7.8 Both valuers had considered the "top down " approach. Mr Hamilton had converted the subject property's transaction price of £5.25m by building in (apart from time) two variables - rights @ 15% and a relativity of 64%. These gave him an improved freehold value of £6,763,476. He had reached his improvements figure of £2,542,773 by taking space improvements on a pro rata basis to his improved value ($£6,763,476 / 6739 \times 1039 = £1,042,773$)and adopting for internal improvements the unit figure determined in the *Fattal* case (£261) ($5,700 \times £261 = £1,487,700$, say, £1,500,000). Finally, he had added extension potential (£192,215) to reach an unimproved freehold value of £4,412,918. Mr Buchanan's figures for rights and relativity were respectively 20% and 67.5%, giving him an improved freehold value of £6.0m. After taking space improvements less site potential on a pro rata basis ($£925,000 - £231,000$) he reached a figure of £694,000 which he offset against his improved value of £6.0m to reach a figure of £5,306,000. From this he deducted his adjusted unimproved freehold value of No. 82, £3,755,000, to reach a figure of £1,551,000 for internal improvements. Accordingly, his unimproved freehold value by this approach was £3,755,000. Mr Buchanan also considered the sale of No. 102 Hamilton Terrace, a fully modernised house, supported his improved value of £6.0m.

7.9 To summarise:

	Mr Hamilton £	Mr Buchanan £
Rights	15%	20%

Relativity		64%		67.5%
Improved f/h value		6,763,476		6,000,000
Space improvements	£1,042,773		£ 925,000	
Internal improvements	£1,500,000	2,542,773	£1,551,000	2,476,000
Site potential		192,215		231,000
Unimproved f/h value		4,412,918		3,755,000

from which it can be seen that there was little difference between the parties in the overall assessment of improvements.

7.10 Dealing first with the unimproved freehold comparables, Mr Hamilton had made two further adjustments to his analysis of no. 82, an addition for planning potential and an addition for less overlooking. He stated that the purchase price of No. 82 had assumed no planning potential and that this was also the view of the Lands Tribunal in the *Fattal* case. It is the Tribunal's view that even if the family purchasers of No. 82 did not at the time have a rear extension in mind, they would have been competing in the market with developers who would have recognized that the narrow rear extension as then existing offered potential for improvement. As it is, planning permission has now been obtained for a new rear extension and the site inspection revealed a house which was being gutted behind its facade. In terms of overlooking, the subject property is overlooked by blocks of flats at the rear, albeit at a slighter greater distance than the integral coach house at No. 82. Therefore the Tribunal preferred Mr Buchanan's figures for No.82, which were £3,653,700 or £641 pfs.

7.11 In his analysis of No. 100 Mr Hamilton omitted to add for the benefit to the subject property of the garage and off-street parking, therefore again the Tribunal preferred Mr Buchanan's figures which were £4,862,100 or £853 pfs.

7.12 No. 96 Hamilton Terrace had sold freehold and unmodernised (4,700 sq.ft.) in August 2000 for £3.1m. Accepting that neither valuer relied on this sale and that it had taken place three years before the valuation date, the Tribunal thought it would nevertheless be a useful check given that only two unimproved comparables, both of which threw up widely differing figures, had been offered. Adjusting No. 96's sale for market movement and for lack of a garage/off-street parking would produce the following:

Purchase price	£3,100,000	
Add for market movement (August 2000/September 2003)	£618,420	
garage/parking	£150,000	£3,868,420

£823 pfs ie £4,691,100 for No. 31.

7.13 This would seem to indicate that No. 82 was a sale which was on the low side.

7.14 Dealing now with the improved comparables, it seemed to the Tribunal that the difficulty here was putting a value on the improvements, especially in the case of No. 102, relied upon by Mr Buchanan, where the layout was opulent and unusual, to say the least. The exercise involves subjective judgment; what may be an improvement for one purchaser may not necessarily be so for another. This difficulty was fairly recognised by Mr Hamilton who acknowledged that the value of the improvements was a material part of the subject property's £5.25m leasehold transaction. He stated that the value was significant and was difficult to determine and to justify. In this particular case, however, both valuers are virtually agreed on the value of the internal improvements even though they may have reached that value by different routes. With one important aspect of the valuation readily capable of resolution, the Tribunal have therefore decided to limit their analysis of improved comparables to the subject property. With little between the valuers, the Tribunal have assessed the value of the internal improvements at £1,500,000. Where the differences arise are on the value of the space improvements which in turn depend on the value of the improved freehold, itself derived from the leasehold only after discounting for rights and for relativity. In short, even the recent leasehold transaction of the subject property is by no means an ideal comparable because it demands numerous adjustments in order to reach the unimproved freehold value.

7.15 Dealing first with the discount for rights, which Mr Hamilton put @ 15% and which Mr Buchanan put @ 20 %, Mr Hamilton referred the Tribunal to the Lands Tribunal decision in *Thiery v John Lyon's Charity (2003)* . The Tribunal is aware that there is no consistent pattern to the adjustment for rights and that in other parts of PCL the adjustment for a lease of 43 years would be considerably less than the range suggested by the valuers here. In the circumstances the Tribunal have no alternative but to adopt the figure of 15%.

7.16 Mr Hamilton, in support of his figure of 64% for relativity, referred the Tribunal to the Eyre and John Lyon's Charity Estates' graph of settlements whereas Mr Buchanan, in support of his figure of 67.5%, stated that the expected relativity for a 43 year lease was between 65% and 70%; he pointed out that the ground rent was not subject to review but fixed for the term. In the circumstances the Tribunal have adopted the figure of 67%.

7.17 The Tribunal's check figure based on the leasehold transaction (and adopting Mr Hamilton's rationale for space additions and site potential) is therefore:

31 Hamilton Terrace leasehold sale	£5,250,000
less market movement 0.3%	£157,500
	£5,092,500
less rights 15%	£763,875
	£4,328,625
Convert to freehold	0.67
Improved freehold value	£6,460,634

less space additions	£996,082	
internal improvements	£1,500,000	£2,496,082
Unimproved freehold value ex potential		£3,964,552
Add site potential		£180,665
Unimproved freehold value		£4,145,217

7.18 Accordingly, setting this figure of £4,145,217 against the figures derived from the unimproved comparables Nos. 82,96 and 100 Hamilton Terrace, £3,653,700 £4,691,100 and £4,862,100 and attaching some weight to the leasehold analysis, the Tribunal has assessed the unimproved freehold value at £4,275,000.

Unimproved leasehold value

7.19 Apart from the subject property itself, the sale in December 2003 of an improved leasehold with the benefit of a notice of claim, the Tribunal were given no leasehold comparables, improved or unimproved. In the circumstances the Tribunal have applied a relativity of 67% to the unimproved freehold value of £4,275,000 to give an unimproved leasehold value of £2,864,778.

Yield

7.20 The Tribunal have adopted a yield of 6.25%. In doing so they are mindful of the Lands Tribunal decision, *John Lyon's Charity v P Shalson (2001)* in the case of 98 Hamilton Terrace, a similar house, where the LVT's yield of 6.25% was upheld. They are also aware that although Hamilton Terrace contains very high value property, as witnessed by the recent leasehold transaction at the subject property, the subject property itself, along with others in the terrace, is bounded on the west by the flats in Maida Vale where development is mixed. The prices achieved in the terrace still fall well short of those attainable for similar houses in other parts of PCL eg Belgravia, where there is also a consistency of values spread over a much larger area. The Tribunal noted Mr Buchanan's point about the ground rent being fixed and not reviewable. Subject to the qualifications above, the investment, however, is very secure.

7.21 The Tribunal's valuation, determining an enfranchisement price of £863,778, is attached as Appendix 4.

CHAIRMAN..... *J. McGrandle*

DATE..... *30 April 2004*



STATEMENT OF FACTS

APPENDIX 1

1. PARTIES:

- 1.1 The Parties to the hearing are set out below together with their respective expert valuers:

Applicant and Freeholder - John Lyon's Charity,
J P Hamilton, BSc MRICS of Cluttons

Respondent and Lessee
Mr & Mrs Daniel Gold
K G Buchanan BSc MRICS of Chesterton

2. CIRCUMSTANCES OF THE APPLICATION:

- 2.1 On 4 June 2003 the Trustees of Marks Settlement served Notice under the Leasehold Reform Act 1967 as amended claiming the freehold of 31 Hamilton Terrace. On 9 July 2003, John Lyon's Charity served Notice in Reply admitting the claim. The Notice of Claim was assigned together with the leasehold interest to the Respondent on 4 February 2004.

3. ISSUES TO BE DETERMINED BY THE LEASEHOLD VALUATION TRIBUNAL:

- 3.1 The basis of valuation is agreed as being under Section 9(1C) of the Leasehold Reform Act 1967 as amended. The dispute to be determined by the Leasehold Valuation Tribunal is the price to be paid for the freehold. The issues underlying the dispute are expected to be:
- i The unimproved freehold value of 31 Hamilton Terrace.
 - ii The unimproved existing lease value of 31 Hamilton Terrace.
 - iii The effect on value of improvements.
 - iv Yield

4. LOCATION AND DESCRIPTION:

- 4.1 The location of 31 Hamilton Terrace is shown on the extract from the Ordnance Survey in **Appendix 1** on which the property is shown edged red.
- 4.2 31 Hamilton Terrace is a link detached period house on lower ground, ground and two upper floors. The building is in the St. John's Wood Conservation Area.
- 4.3 A photograph of the exterior of the property is shown in **Appendix 2**.

5. LEASE DETAILS:

- 5.1 The property is held on a lease dated 31 December 1948 and is for a term of 99 years expiring on 24 June 2046. The rent payable under the terms of the lease is £100 per annum without review.

6. ACCOMMODATION:

- 6.1 Floor diagrams (from Knight Franks sale particulars) showing the present layout are enclosed in **Appendix 3**.

7. IMPROVEMENTS:

- 7.1 Section 9(1A)(d) of the Act requires it to be assumed "that the price be diminished by the extent to which the value of the house and premises has been increased by any improvement carried out by the tenant or his predecessors in title at their own expense".

- 7.2 The lessees of the previous lease at 31 Hamilton Terrace were adjudged bankrupt and John Lyon's Charity obtained vacant possession in 1948. In breach of the covenants of the previous lessees they had wrongfully made alterations and additions to the property to convert it into flats. Under an agreement for lease dated 10 October 1947 Mr Pearlman agreed to take a new lease on condition that he would apply for a Licence to Execute repairs necessary to put the premises in good and substantial repair and condition in accordance with the repairing covenants contained in the new lease. The new lease was dated 31 December 1948 and included plans showing the layout of the property. Plans showing the layout of each floor are included in that lease and are reproduced in **Appendix 4**.

- 7.3 Since 1948 licences for alterations have been granted as follows

Licence dated 20 October 1954 for minor internal alterations on ground and lower ground floor.

Licence dated 28 July 1966 for conversion for property to a house.

Licence dated 17 March 1997 for mainly internal alterations to all floors.

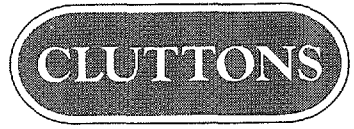
Licence dated 18 December 2003 for extensions on ground and lower ground floors with internal alterations to all floors.

8. VALUATION DATE:

- 8.1 The valuation date is 4 June 2003, the date of the Notice of Tenant's claim. At that date the lease had 43.06 years unexpired.

9. MARRIAGE VALUE:

- 9.1 The Marriage Value is to be apportioned equally between the freeholder and the lessee.



10. COMPARABLES:

10.1 A schedule setting out brief details of the comparables is in **Appendix 5**. Agent's details, where available, or a photograph of each comparable are shown in **Appendix 6**.

J.P. Hamilton

Signed by J P Hamilton BSc MRICS
Cluttons (for Applicant)

Date 16.2.04

K.G. Buchanan

Signed by K G Buchanan BSc MRICS
Chesterton (for Respondent)

Date 16.2.04