

RESIDENTIAL PROPERTY TRIBUNAL SERVICE
SOUTHERN RENT ASSESSMENT PANEL
LEASEHOLD VALUATION TRIBUNAL

Case No. CHI/OHN/OLR/2007/0032

REASONS

Application : Sections 48 and 91 of the Leasehold Reform, Housing and Urban Development Act 1993 as amended (“the 1993 Act”)

Applicant/Leaseholder : Mr P S Gordon

Respondent/Landlord : Mr G P Blighton

Building : 19 Florence Road, Boscombe, Bournemouth, BH5 1HH

Flat 7 : the flat in the building belonging to the Applicant/Leaseholder

Lease : the lease dated the 9 October 1992 between Mr Blighton (1) and Sally Marie Pittaway (2) for a term of 99 years from the 4 October 1988 at a ground rent of a peppercorn a year

Date of service of Tenant’s Notice : 2 November 2006

Date of Application : 5 May 2007

Date of Provisional Directions : 15 May 2007 and 8 June 2007

Date of Hearing : 15 August 2007

Venue : the Salvation Army Hall, 76 Palmerston Road, Boscombe, Bournemouth, BH1 4HT

Appearances for Applicant/Leaseholder: no attendance or representation

Appearances for Respondent/Landlord: Mr Blighton

Members of the Tribunal : Mr P R Boardman JP MA LLB (Chairman), Mr K Lyons FRICS, and Mr P E Smith FRICS

Date of Tribunal’s Reasons : 30 August 2007

Introduction

1. This Application by the Applicant/Leaseholder is under sections 48 and 91 of the 1993 Act,

namely for the Tribunal to determine the price payable upon the Applicant/Leaseholder's acquiring an extended lease of Flat 7 from the Respondent/Landlord

2. The Respondent/Landlord attended the hearing. He was unrepresented, despite having received advice from solicitors and from a surveyor, but said that he was ready to proceed with the hearing
3. The Applicant/Leaseholder did not attend the hearing. The Tribunal had received a letter from the Applicant/Leaseholder on the 9 August 2007 ("the Applicant/Leaseholder's letter") stating that due to holiday commitments he was not able to attend the hearing
4. The Tribunal was satisfied that adequate notice of the time, date, and venue of the hearing had been given to the Applicant/Leaseholder, and decided to proceed with the hearing in his absence

Schedule 13 of the 1993 Act

5. Schedule 13 of the 1993 Act provides as follows :

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.

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

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 relevant date 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

Para 4B

(1) Subject to the provisions of this paragraph, the value of the interest to be held by the tenant under the new lease is the amount which at the relevant date that interest (assuming it to have been granted to him at that date) might be expected to realise if sold on the open market by a willing seller (with the owner of any interest superior to the interest of the tenant not buying or seeking to buy) on the following assumptions—

(a) on the assumption that the vendor is selling such interest as is to be held by the tenant under the new lease subject to the inferior interests to which the tenant's existing lease is subject at the relevant date;

(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 there is to be disregarded any increase in the value of the flat which would fall to be disregarded under paragraph (c) of sub-paragraph (1) of paragraph 4A in valuing in accordance with that sub-paragraph the interest of the tenant under his existing lease; 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 tenant's existing lease at the relevant date then 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 relevant date the interest to be held by the tenant under the new 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 to be held by the tenant under the new lease shall not be decreased 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

Documents

6. The documents before the Tribunal are :
 - a. those comprising pages 1 to 37 of the Tribunal's bundle
 - b. the Applicant/Leaseholder's letter
 - c. documents accompanying the Applicant/Leaseholder's letter, including an invoice dated the 28 January 2002 from John S Temblett to Mr P Calles of Flat 7 for £1,595 for the supply and installation of 4 UPVC double glazed window for Flat 7
7. References in these reasons to page numbers are, unless the context requires otherwise, to page numbers in the Tribunal's bundle

Inspection

8. The Tribunal inspected Flat 7 on the morning of the hearing on the 15 August 2007. Also present was the subtenant of Flat 7, Mr G Viggers
9. The Building was a 3-storey detached building, with what appeared to be a fourth-storey extension. Some of the window frames were timber, whilst others were UPVC
10. The Tribunal inspected Flat 7, which was on the second-floor. A copy of the Lease plan is at pages 10 to 12 of the Tribunal's bundle. The whole of the flat had wood flooring. Each of the four windows was double-glazed UPVC. There was a boiler in the bathroom, with a heated towel rail

The Lease (pages 6 to 31)

11. The Lease was for 99 years from the 4 October 1988 at a yearly rent of a peppercorn. The lessee's covenants included a full repairing covenant in relation to Flat 7, and a covenant to pay a maintenance charge. The lessor's covenants included full repairing and insuring covenants in relation to the Building and common parts

Notice of claim

12. The notice was dated the 2 November 2006. It was given by Adrian Trevor Partridge

Assignment of benefits of notice

13. By a deed dated the 12 January 2007 Mr Partridge assigned the benefit of the notice to the Applicant/Leaseholder, and recorded that exchange of contracts for the sale of Flat 7 to the Applicant/Leaseholder at the price of £119,000 had taken place on the 28 November 2006

Applicant/Leaseholder's valuation evidence

14. An undated and unsigned report at pages 33 to 35, which was not on headed paper, stated that :

- a. tenant's improvements were the refitting of the kitchen and bathroom, the replacement of windows, the fitting of a new boiler, and the installation of interlocking flooring
- b. the sale price of £119,000 should be adjusted to £109,500 to disregard the improvements
- c. the value of the landlord's interest in Flat 7 after the lease extension would be nil
- d. there was no marriage value as the lease term exceeded 80 years at the valuation date
- e. there was no payment of compensation in this case

15. The figure for the price payable was £309 using a valuation date of the 20 November 2006, a deferment rate of 7.5%, and a figure of 81 years 11 months for the unexpired term of the lease, in accordance with the calculations in Appendix 1 to these reasons

Respondent/Landlord valuation evidence

16. An undated and unsigned calculation sheet at page 37, which was not on headed paper, showed a price payable of £2,401, using a valuation date of 2007, a value of £119,000, a nil figure for tenant's improvements, a deferment rate of 5%, and a figure of 80 years for the unexpired term of the lease, in accordance with the calculations in Appendix 2 to these reasons

The Applicant/Leaseholder's letter

17. The Applicant/Leaseholder stated that :

- a. the Respondent/Landlord's valuation contained discrepancies
- b. the term of the lease at the time of service of the counter-notice was 81 years 11 months not 80 years
- c. no allowance had been made for tenant's improvements, which had been agreed at £10,000
- d. a copy of the invoice for the new windows was attached

e. photos of the kitchen and bathroom would be sent to the Tribunal

18. No photos were in fact received by the Tribunal, but the Tribunal was able to inspect Flat 7, including the kitchen and bathroom, as already recorded in these reasons

Valuation

19. The comments of the Respondent/Landlord at the hearing in relation to each element of the statutory valuation, and the findings by the Tribunal in each case, are set out in the following paragraphs of this determination

Value of Respondent/Landlord's interest in Flat 7 before the grant of the new Lease

20. In answer to questions from the Tribunal, Mr Blighton agreed that :

- a. the date of valuation was the 2 November 2006, namely the date of the notice of claim
- b. the starting point for the valuation of the Respondent/Landlord's interest before the lease extension was the price agreed to be paid by the Applicant/Leaseholder when he exchanged contracts on the 26 November 2006, less than 4 weeks after the valuation date, namely £119,000
- c. the lease term expired on the 3 October 2087
- d. the length of lease term remaining at the valuation date was accordingly 80 years and 11 months, rather than 81 years and 11 months as suggested by the Applicant/Leaseholder
- e. no marriage value was therefore payable

Improvements

21. Mr Blighton accepted in principle that the Applicant/Leaseholder's predecessors in title had refitted the kitchen and bathroom, replaced the existing timber windows with UPVC, fitted a new boiler, and installed interlocking wooden flooring throughout

22. However, Mr Blighton said that between about 1988 and 1992 he had installed timber-framed double-glazed windows, installed the central-heating system, fitted the bathroom and kitchen, and laid carpet. The double-glazing in the timber frames had needed attention, but the timber frames themselves had not, and it was a moot point whether the installation of UPVC frames was an improvement or not. The fittings in the bathroom and kitchen had not needed replacement, although their colour might not have been in accordance with the current fashion of having white. The boiler might have been coming near to the end of its useful life, but Mr Blighton was not aware of any need to replace any of the radiators, including the radiator in the

bathroom. The new bath in the bathroom leaked, and could not be used. So far as the floor covering was concerned, Mr Blighton preferred the previous carpet finish to the present wood finish, and thought, again, that it was a moot point whether the wood finish was an improvement or not

23. In answer to questions from the Tribunal, Mr Blighton did not have any evidence of figures, but guessed that the cost of laying the flooring in the lounge would have been about £200, and that the cost of what had been done to the central heating would have been about £500. He accepted that £1,595 had been spent on the replacement windows in 2002 in accordance with the invoice attached to the Applicant/Leaseholder's letter. Mr Blighton said that he would attribute a nil improvement value to the work done to the bathroom and kitchen, although he accepted that a notional buyer would regard them as looking newer than they would have done if the work had not been carried out
24. Mr Blighton had noted in the Applicant/Leaseholder's letter the suggestion that £10,000 had been agreed as the value for tenant's improvements. However, Mr Blighton said that he had not previously heard mention of a figure of £10,000 in that respect, let alone agreed it, and, so far as he was aware, neither his solicitor nor his surveyor had agreed any such figure either

25. The Tribunal's findings

26. Having considered all the evidence in the round, the Tribunal finds that :

- a. the work referred to by the Applicant/Leaseholder had been carried out at the expense of the Applicant/Leaseholder's predecessors in title
- b. each item of work constituted an improvement for the purposes of schedule 13 of the 1993 Act
- c. however, only a marginal increase in the value of the flat would be attributable to each improvement, or, to put it another way, a buyer would not pay a great deal more for Flat 7 as a result of the improvements than the buyer would have paid if the improvements had not been carried out, because the Tribunal finds that :
 - there is no evidence before the Tribunal to suggest that any of the works were carried out particularly recently
 - indeed, the only such evidence is the window invoice, which was dated January 2002, over 5 years ago
 - the present appearance of the kitchen and bathroom is itself somewhat dated, despite the carrying out of the works
- d. in all the circumstances, there should be disregarded the following sums to take account of the improvements referred to
- e. flooring : £250
- f. bathroom : £250

- g. kitchen : nil
- h. central heating : £500
- i. double glazing : £500
- j. the total sum to be disregarded for improvements is therefore £1,500

Benefit of the notice of claim

27. In answer to questions from the Tribunal, Mr Blighton accepted in principle, although he had not previously been advised about the points nor previously considered them, that :

- a. it is not normally possible for a leaseholder to serve a notice of claim unless the leaseholder has been a “qualifying tenant” for 2 years (section 39 (2) of the 1993 Act)
- b. a person buying a flat would therefore normally have to wait at least 2 years before being able to serve a notice of claim
- c. in this case, if the Applicant/Leaseholder had had to wait for 2 years before being able to serve a notice to claim, the length of lease term then remaining would then have been less than 80 years, and marriage value would then have been payable
- d. accordingly, the fact of buying with the benefit of the notice itself had some value, and it should be assumed that the Applicant/Leaseholder would have paid less than the figure he actually paid if he had not had the benefit of the notice
- e. there should in principle be a deduction from the actual price paid by the Applicant/Leaseholder to take account of that benefit

28. The Tribunal referred Mr Blighton to the Lands Tribunal case of **43 Rednall Drive** LRA/28/2006, where the remaining lease term had been just under 60 years, the tenant had bought the flat with the benefit of a notice of claim, and in which a deduction had been made of 4% of the value of the Applicant/Leaseholder’s existing leasehold after deducting the value of improvements

29. Mr Blighton said that he thought that the deduction should be less than 4%, and suggested 2%

30. The Tribunal’s findings

31. The Tribunal has taken account of the following factors, which the Tribunal finds to have been of value to the Applicant/Leaseholder, and which the Applicant/Leaseholder must be assumed to have taken into account when agreeing the purchase price for Flat 7 :

- a. if the Applicant/Leaseholder had had to wait for 2 years after his purchase before being able to serve his notice of claim, he would then have had to pay an element of marriage value

- b. the Applicant/Leaseholder's legal and surveyor's costs of the extended lease might well have increased as a result of the need to calculate, negotiate, and if necessary argue before the Tribunal, the marriage value element
- c. in the intervening 2 years, the value of Flat 7 could have gone up or down, but the pattern over the past few years has been for property prices to go up
- d. the Applicant/Leaseholder had a measure of certainty as a result of taking the assignment of the benefit of the notice of claim

32. In all the circumstances, and taking into account the guidelines in **43 Rednall Drive**, the Tribunal finds that it is appropriate in assessing the value of the Respondent/Landlord's interest in Flat 7 to make a deduction from the price paid by the Applicant/Leascholder, less the figure disregarded for improvements, and that that deduction should be 4%, namely £4,700, as shown in the calculations in Appendix 3 to these reasons

Deferment rate

33. In answer to questions from the Tribunal, Mr Blighton said that his surveyor had advised him that the deferment rate should be 5% in accordance with the Lands Tribunal decision in **Sportelli LRA/50/2005**

34. The Tribunal's findings

35. The Tribunal has taken account of the fact that the calculations on behalf of the Applicant/Leaseholder included a deferment rate of 7.5%. However, the Tribunal finds that there is no evidence, let alone compelling evidence, for the deferment rate in this case to differ from the guideline figure for flats laid down by the Lands Tribunal in **Sportelli**, namely 5%, and the Tribunal adopts a deferment rate of 5% accordingly

Value of Respondent/Landlord's interest in Flat 7 after the grant of the new Lease

36. In answer to questions from the Tribunal, Mr Blighton agreed that, as the extended lease term would effectively be over 170 years at a peppercorn rent, the value of the Respondent/Landlord's interest after the grant of the extended lease would effectively be nil

Capitalisation of the right to receive the ground rent for the remainder of the lease term

37. In answer to questions from the Tribunal, Mr Blighton agreed that there was effectively no ground rent to capitalise, and accordingly no sum to be paid under this heading

Marriage value

38. In answer to questions from the Tribunal, Mr Blighton accepted that no marriage value was payable in this case, because the remaining lease term exceeded 80 years

Compensation

39. In answer to questions from the Tribunal, Mr Blighton said that he had not been advised of any matters giving rise to a claim for compensation

40. Total price payable

41. The Tribunal finds that the total price payable is £2,266.94, in accordance with the valuation at Appendix 3 to these reasons

Dated the 30 August 2007



.....
P R Boardman
(Chairman)

A Member of the Tribunal
appointed by the Lord Chancellor

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LEASEHOLD VALUATION TRIBUNAL

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Flat 7 19 Florence Road, Boscombe, Bournemouth, BH5 1HH

Appendix 1

Applicant/Leaseholder's valuation evidence

Flat 19 Florence Road Boscombe 1 BH 9

Assessment of price to be paid for the lease extension in accordance with Schedule 13 of the Leasehold Reform Housing and Urban Development Act 1993 as amended by the Housing Act 1996 and the common hold and leasehold Reform Act 2002

Valuation date with four months' validity 20th November 2006

Lease term 99 years from (81.11 unexpired) 4 October 1988

Ground rent nil

Yield term and reversion 7.5 per cent

Extended /unimproved £119.000
Existing leasehold unimproved £109500 (92%)

Diminution of landlords interest.

Existing

Rent received Nil

Reversion to possession October 2087 £119.000

PV 81,11 years @ 7.5 per cent 0.0026
£309

Proposed

Peppercorn 81 years plus 90 years Nil

Reversion October 2177 Nil

Landlord share in marriage value not applicable

Premium to grant of new lease £309 .

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SOUTHERN RENT ASSESSMENT PANEL
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Appendix 2

Respondent/Landlord valuation evidence

VALUERS REPORT - RESTORMENT

| | |
|----------------------------|------------------------------------|
| LEASEHOLD REFORM - 1 FLAT. | LRA1flat |
| PROPERTY : | Flat 7, 19 Florence Road, Boscombe |
| DATE : | 23/02/2007 LRA1 |

| LEASE DETAILS | | | |
|------------------------------------|---------|----------|---------|
| YEAR OF GRANT | 1988 | | |
| TERM OF LEASE | 99 | | |
| DATE OF VALUATION | 2007 | | |
| UNEXPIRED TERM | 80 | | |
| GROUND RENT P.A. | 0 | | |
| | | | |
| PROPERTY DETAILS | | | |
| VALUE OF NEW LEASE | 119,000 | | |
| VALUE OF EXISTING LEASE | 119,000 | | |
| DIFFERENCE | 0 | | |
| FREEHOLD V.P. VALUE | 119,000 | | |
| LESS TENANTS IMPROV. | 0 | 0.00 % | |
| | | | |
| % RATE OF CAPITALISATION | | 6.50 | 0.065 |
| ACTUAL GROUND RENT P.A. | | 0.00 | |
| VALUE (A) | | 0 | |
| ADJUSTED F/H V/P VALUE | | 119,000 | |
| DISC FOR RISK OF PROTECTED TENANCY | | 0.00 % | |
| AMOUNT OF DISCOUNT | | 0 | |
| REVISED REVERSIONARY VALUE | | 119,000 | |
| % RATE OF DISCOUNT | | 5.00 % | 0.050 |
| UNEXPIRED TERM YEARS | | 80 | |
| PRESENT VALUE OF REVERSION (B) | | 2,401 | |
| VALUE OF LESSOR'S INTEREST | | | |
| | | 2,401 | (A+B) |
| VALUE OF LESSEES INTEREST | | | |
| ADJUSTED F/H V/P VALUE | | 119,000 | |
| LH/FH PROPORTION | | 100.00 % | 0.000 |
| PRESENT LEASEHOLD VALUE (C) | | 119,000 | |
| DIFFERENCE | | 0 | |
| | | | |
| VALUE OF NEW LEASE | | 119,000 | |
| LESS | | | |
| COMBINED INTERESTS. VALUES (A+B+C) | | 121,401 | |
| MARRIAGE VALUE | | 0 | |
| PROPORTION | 0.00 % | 0 | |
| (VALUE D) | | 0 | |
| ENFRANCHISEMENT PRICE | | 2,401 | (A+B+D) |

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Appendix 3

Tribunal's valuation

Valuation
Flat 7 19 Florence Park Boscombe

| | |
|--|-----------------|
| Open market value of flat as at 2 November 2006 | £119,000 |
| Less value of Tenants improvements | <u>£1,500</u> |
| | £117,500 |
| Less amount to reflect notice served Under sec48 of the Leasehold Reform Act 1993 @ 4% of £117,500 | <u>£4,700</u> |
| Total | <u>£112,800</u> |
| PV of £1.00 @ 5% Deferred 80 years 11 Months 0.0200970 | |
| Value of interest | £2,266.94 |