



LRA/63/2005

LANDS TRIBUNAL ACT 1949

LEASEHOLD ENFRANCHISEMENT – deferment rate – hope value – substantive decision following Earl Cadogan v Sportelli and Others – valuation applying deferment rate at 4.75% and hope value at 20% confirmed at £943,358 – Leasehold Reform Act 1967 section 9(1)(A)

**IN THE MATTER of AN APPEAL AGAINST A DECISION OF THE
LEASEHOLD VALUATION TRIBUNAL OF THE LONDON RENT ASSESSMENT
PANEL**

BETWEEN

(1) BIRCHAM & CO (NOMINEES) (NO 2)

(2) Ms S E STOWELL

Appellants

and

(1) Mr MARTIN CHRISTOPHER CLARKE

(2) Mrs SHANEEN CLARKE

Respondents

Re: 13 South Terrace, Kensington, London SW7

**Decision on Written Representations
By P R Francis FRICS**

The following case is referred to in this decision:

Earl Cadogan & Cadogan Estates v Sportelli and Others (2006) LT ref: LRA/50/2005

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DECISION

1. Following the Tribunal's decision on preliminary issues in the five cases now referred to shortly as *Cadogan v Sportelli*, of which the present appeal was one, I have received from the appellants a revised valuation by Mr Roland Cullum FRICS. This valuation, a copy of which is appended to this decision, replaces the one earlier submitted, and it reflects the Tribunal's decision at para 124 of *Cadogan v Sportelli* that the deferment rate for the appeal property should be 4.75%. The revised valuation also incorporates (as did the earlier one) an allowance for hope value as an addition of 20% to the value of the reversion prior to the statutory marriage value apportionment. Paragraph 112 of the decision in *Cadogan v Sportelli* endorsed this as the appropriate method for reflecting hope value, and I see no reason not to accept Mr Cullum's quantification of 20% in the circumstances of this appeal.
2. The appeal is therefore allowed and the price payable is determined at £943,358.
3. It is noted that on page 7 and in paragraph 124 of the decision in *Cadogan v Sportelli* that the Members referred to this appeal as being uncontested. However, it should be recorded that, whilst the Trustees in Bankruptcy of Mr Clarke said they would not be contesting the appeal, Mrs Clarke remains a party, although no written representations have been made by her, or on her behalf.

DATED 9 November 2006

(Signed)

P R Francis FRICS

13 South Terrace, Kensington, London SW7

<u>Freehold with Vacant Possession</u>		£2,085,000
Rent	£94	
YP 22.6 years @ 4.75%	<u>12.2</u>	£ 1,147
Reversion to	£2,085,000	
PV of £1 in 22.6 yrs @ 4.75%	<u>0.35</u>	<u>£729,750</u>
<u>Value of Term and Reversion</u>		£730,897
<u>Leasehold Value</u>		£1,000,000
<u>Hope Value</u>		
Freehold Value with Vacant Possession		£2,085,000
Value of Term and Reversion	£ 730,897	
Leasehold Value	<u>£1,000,000</u>	<u>£1,730,897</u>
	Latent value	£ 354,103
	Hope value @ 20%	£ 70,820
	Plus Value of Term and Reversion	<u>£ 730,897</u>
	Open Market Value of Freeholder's Interest	£ 801,717
<u>Marriage Value</u>		
Freehold with Vacant Possession		£2,085,000
Open Market Value of Freehold Interest	£ 801,717	
Leasehold Value	£1,000,000	<u>£1,801,717</u>
		£ 283,283
Marriage Value @ 50%		£ 141,641
<u>Price Payable:</u>		
Open Market Value of Freehold Interest		£ 801,717
50% of Marriage Value		<u>£ 141,641</u>
		<u>£ 943,358</u>