

**UPPER TRIBUNAL (LANDS CHAMBER)**



**UT Neutral citation number: [2010] UKUT 3 (LC)  
LT Case Number: LRA/179/2007**

**TRIBUNALS, COURTS AND ENFORCEMENT ACT 2007**

***LEASEHOLD ENFRANCHISEMENT – collective enfranchisement – price payable – comparables – adjustments for condition, location, lateral layout, floor level – whether any planning risk at expiry of leases – appeal allowed***

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

**BETWEEN**

**THE EARL CADOGAN**

**Appellant**

**and**

**(1) FARROKH FAIZAPOUR  
(2) JOHN STEPHENSON**

**Respondents**

**Re: 54-56 Cadogan Square and  
26-28 Clabon Mews  
London SW1X OJU**

**Before: The President and A J Trott FRICS**

**Sitting at 43-45 Bedford Square, London WC1B 3AS  
on 22 and 24 July 2009**

*Kenneth Munro instructed by Pemberton Greenish for the Appellant  
Andrew Walker instructed by Bircham Dyson Bell for the Respondents*

The following cases are referred to in this decision:

*Cadogan Estates Limited v Panagopoulos* (2008) Lands Tribunal LRA/97&108/2006 (unreported)

The following cases were referred to in argument:

*Earl Cadogan v Sportelli* [2007] 1 EGLR 153

*Pitts & Wang v Earl Cadogan* [2007] RVR 272

*Chelsea Properties Limited v Earl Cadogan* (2007) Lands Tribunal LRA/69/2006 (unreported)

## **DECISION**

### **Introduction**

1. This is an appeal by Earl Cadogan against the decision of the Leasehold Valuation Tribunal for the London Rent Assessment Panel dated 25 October 2007 determining the price payable for the collective enfranchisement of 54-56 Cadogan Square and 26-28 Clabon Mews, London SW1 in the sum of £14,495,981. The respondents are the nominee purchasers, Farrokh Faizapour and John Stephenson.

2. Leave to appeal was granted by the LVT on 26 November 2007 on the following issues:

- (i) the price payable
- (ii) the value of the existing leasehold interests
- (iii) the value of the freehold interest

3. On 11 July 2008 the appellant made a further application to this Tribunal for permission to appeal against the deferment rate of 5% adopted by the LVT. Permission to appeal was refused by the President on 21 July 2008.

4. Mr Kenneth Munro of counsel represented the appellant and called Mr Simon Scott-Barrett MA, FRICS, a partner in Cluttons LLP, as an expert valuation witness. Mr Andrew Walker of counsel represented the respondents and called Mr Robert Orr-Ewing, a partner in Knight Frank, as an expert valuation witness.

5. We made an accompanied internal inspection of the appeal premises on 24 July 2009 (except for flats B and H) and viewed externally the comparable properties in Cadogan Square.

### **Facts**

6. 54-56 Cadogan Square is a terraced property located midway along the western side of Cadogan Square with views over the gardens to the front and over Chelsea to the rear. The building was originally constructed as two houses but has now been laterally converted on first, second, third and fourth floors. The premises are currently presented as nine flats, a caretaker's flat and two mews houses in Clabon Mews.

7. The property is subject to a headlease for a term of 63.5 years from 25 December 1960, expiring on 25 March 2023. The headlease is vested in 54-56 Cadogan Square Management Limited and requires the headlessee to provide a full-time residential caretaker on a service basis. The premises are occupied under underleases which expire on 189 March 2023. Two of

the tenants, Flat A (non-participating) and 28 Clabon Mews (participating), have extended their leases until March 2113.

8. The valuation date is 13 November 2006.

9. The parties helpfully agreed a significant number of valuation issues:

- (i) The freehold values of 26 and 28 Clabon Mews and Flats A, B, K and L and the caretaker's flat at 54-56 Cadogan Square.
- (ii) The value of the parking spaces is included within the value of the flats to which they are attached on the basis of £125,000 per space.
- (iii) The development value of storage space.
- (iv) The area of the appeal premises.
- (v) On the second floor, flats F, G and H would be combined, releasing 102sf of common parts. On the third floor Flats C, D and E would be combined, releasing 103sf of common parts. The cost of knocking through the flats on each floor would be balanced by the benefit of the extra area so released. There is unlikely to be a planning or listed building consent problem in combining these flats and the fact that section 42 notices have been served on these flats has no effect on such a proposal.
- (vi) The relativity of the short unexpired terms of the underleases (16.34 years) is 39% and that of the two extended leases (106.34 years) is 98%.
- (vii) Although not expressed as an agreement in terms, neither party attributes any value to the headlessee's interest.

10. The parties relied upon nine comparable sales of flats in Cadogan Square, the prices of which were adjusted for a number of factors:

- (i) *Time.* Both experts used Savills Prime Central London Residential Capital Value Index (SW flats) to adjust the sale prices for time. These adjustments are agreed.
- (ii) *Relativity.* The experts made similar, but not identical, adjustments for relativity.
- (iii) *Condition.* The experts agreed the allowance to be made for eight of the nine comparables.
- (iv) *Lateral flats.* Mr Scott-Barrett made a 15% adjustment to the comparables in respect of the double-fronted lateral flats found on the first, second and third floors of the appeal premises. Mr Orr-Ewing made a 10% allowance which he reduced to 5% in respect of the second and third floors to reflect the potential of the lessee to do the conversion work rather than the actual (improvement) work carried out by the tenants.

- (v) *Off-square and edge of square.* Two of the comparables (No.15 and No.78 Cadogan Square) are off-square. Mr Scott-Barrett made a 10% allowance for both properties whilst Mr Orr-Ewing allowed 5% for No.15 but nothing for No.78. No.40 Cadogan Square is on the edge of the square. Mr Scott-Barrett made a 5% adjustment whereas Mr Orr-Ewing made no allowance.
- (vi) *Floor level difference on second and third floors.* Mr Scott-Barrett made an adjustment of £25psf to the area of the whole of each flat. Mr Orr-Ewing made an adjustment of 5% to the value of the rear Flats E (third floor) and H (second floor).
- (vii) *Other.* Mr Scott-Barrett allowed 5% in respect of the letting of Flat 3 at 53 Cadogan Square on an assured shorthold tenancy.

## **Outstanding Issues**

11. The outstanding issue between the parties is the unimproved freehold vacant possession value of flats C/D and E (third Floor); F/G and H (second floor); and J (first floor).

12. For the appellant, Mr Scott-Barrett's final valuation of the total price payable was £17,673,438 whilst for the respondents, Mr Orr-Ewing's valuation was £15,501,665.

## **The case for the Appellant**

13. Mr Scott-Barrett began his analysis by considering the most valuable unit, Flat J on the first floor. This was described by his partner, Mr Ford, before the LVT as being unique in Cadogan Square and very rare anywhere in prime central London. It had been formed by converting several units into one large maisonette extending laterally across numbers 54 and 56 and extending from the front to the back of the building. It had a total area of 4,172sf. The current layout of Flat J was sub-optimal and the fixtures and fittings were very old fashioned. The flat could be substantially enhanced by refurbishment. It benefitted from its size, lateral shape and two dedicated parking spaces.

14. Mr Scott-Barrett relied upon three comparable to value Flat J. His analysis of these comparables showed:

- (i) Flat 2, first floor 35 Cadogan Square (east side): £2,387 psf, area 1,469 psf
- (ii) Flat 2, first floor 50 Cadogan Square (west side): £2,285 psf, area 1,578 sf
- (iii) Flat 3, first floor 53 Cadogan Square (east side): £1,842 psf, area 1,778 sf

All three comparables were much smaller than Flat J and had no dedicated parking. Mr Scott-Barrett said that at the valuation date the market favoured large units in prime locations which generally sold at a substantial premium. He accepted that the sale of Flat 3 at No.53 was

closest in time to the valuation date and that this flat was the largest of the three comparables but he did not accord this transaction particular weight and said that it would be wrong to rely upon it alone. It was not more reliable than the other two comparables. Mr Scott-Barrett said that, based on the evidence, the value of Flat J was £2,200 psf.

15. The second floor flats F/G and H were also valued as one combined flat, similar in layout to Flat J. Mr Scott-Barrett said that the building work required was minor, the cost of which would be offset by the value of the incorporated area of the common parts. He relied upon four comparables, his analysis of which showed:

- (i) Flat D, second floor, 14 Cadogan Square (north side): £1,305 psf, area 1,311sf.
- (ii) Flat 3, second floor, 15 Cadogan Square (east side): £1,504 psf, area 826 sf
- (iii) Second floor flat, 35 Cadogan Square (east side): £1,861 psf, area 1,302 sf
- (iv) Flat 3, second floor, 73 Cadogan Square (South Side): £1,763 psf, area 922 sf

16. In addition Mr Scott-Barrett analysed two further comparables put forward by Mr Orr-Ewing:

- (i) Flat 4, third floor, 40 Cadogan Square (west side): £1,162 psf, area 1,121 sf
- (ii) Flat 2, second floor, 78 Cadogan Square (west side): £1,211 psf, area 1,007 sf

17. Mr Scott-Barrett distinguished Flat 3 at 15 Cadogan Square as being less useful than the other comparables because of its very small size (826 sf) and its location off the square.

18. The combined flats on the second and third floors were not as attractive as Flat J on the first floor because they did not have the full ceiling height nor a balcony overlooking the garden square. But they did enjoy better views at the rear and very similar accommodation. Mr Scott-Barrett considered that they should be valued towards the top end of the range of £1,162 to £1,861 psf and he adopted a value of £1,700 psf. From this he deducted £25 psf to reflect the difference in floor levels between the front and rear flats, giving a final figure of £1,675 psf.

19. The experts agreed that there would be no difference in value between the second and third floors and therefore Mr Scott-Barrett also took £1,675 psf as the value of the combined flats C/D and E.

20. Mr Scott-Barrett thought that the risk of a change in planning policy in 16 years time that might prevent conversion into single flats was very small and was not a factor that a bidder at the valuation date would take into account.

## **The case for the Respondent**

21. Mr Orr-Ewing analysed the same comparables as Mr Scott-Barrett to produce the following results in respect of first floor transactions:

- (i) Flat 2, 35 Cadogan Square: £2,266 psf
- (ii) Flat 2, 50 Cadogan Square: £2,158 psf
- (iii) Flat 3, 53 Cadogan Square: £1,669 psf

He averaged these results to give a figure of £2,031 psf and adopted £2,000 psf to value Flat J. The main difference between Mr Orr-Ewing's analysis and that of Mr Scott-Barrett was Mr Orr-Ewing's lower allowance for the lateral layout of Flat J (10% compared with Mr Scott-Barrett's 15%).

22. Mr Orr-Ewing's analysis of second and third floor comparables showed:

- (i) Flat D, 14 Cadogan Square: £1,235 psf
- (ii) Flat 3, 15 Cadogan Square: £1,439 psf
- (iii) Second floor flat, 35 Cadogan Square: £1,792 psf
- (iv) Flat 4, 40 Cadogan Square: £1,041 psf
- (v) Flat 3, 73 Cadogan Square: £1,686 psf
- (vi) Flat 2, 78 Cadogan Square: £1,033 psf

These results again allowed 10% for the lateral layout. Mr Orr-Ewing averaged the comparables to give a figure of £1,371 psf. He then deducted 5% to allow for the fact that the tenants of the front flats (C/D and F/G) carried out the works to combine laterally the front flats at Nos.54-56 and which should therefore be disallowed as improvements. This meant that he allowed 5% for the potential of the lessee to carry out such work. The resultant figure used to value flats C/D and F/G was £1,303 psf.

23. He made two further adjustments to the value of the rear flats. Firstly, he deducted 5% to allow for the difference in floor levels between the front and rear flats on the second and third floors. Secondly, he deducted another 5% to allow for the risk that at the end of the tenancy in just over 16 years time the planning regime might be hostile to the creation of large single flats (although it was agreed that no such problem existed as at the valuation date). This resulted in a final figure used to value the rear flats E and H of £1,172 psf.

## **Conclusions**

24. We consider firstly the adjustment to be made for the lateral character of the flats on the first, second and third floors. The appellant argues for an addition of 15% and the respondents argue for 10%. None of the comparables relied upon were of lateral flats and there is therefore no direct evidence of the appropriate adjustment. Following our site inspection we agree with Mr Orr-Ewing that the existence of a party wall and a substantial chimney breast between Nos.54 and 56 detracts from the attractiveness and status of the significant space created by combining the two properties. It is not possible to create a single, unobstructed room. We are satisfied that a 10% allowance is sufficient.

25. Mr Orr-Ewing said that the actual work of combining Flats C and D on the third floor and Flats F and G on the second floor to form larger lateral flats should be treated as tenants' improvements since it was work done during the term of the current leases. He therefore halved his allowance of 10% for lateral layout to 5% to reflect the potential for undertaking such works in their assumed absence. We are not persuaded by Mr Orr-Ewing's approach. The works required to combine the flats were limited and the potential to undertake these works was clear from the outset. Purchasers would have an incentive to combine the flats. We do not accept that the allowance of 10% should be halved and we make no such adjustment.

26. Both parties accept that an adjustment should be made to the valuation of the second and third floor flats to allow for the difference in floor levels. Mr Scott-Barrett allows £25psf over the whole area of the combined flats C/D and E (third floor) and F/G and H (second floor) whereas Mr Orr-Ewing deducts 5% from the value of only the rear flats (E and H). In practice the two approaches lead to very similar results. We prefer Mr Scott-Barrett's approach because we consider that the effect of the different floor levels will be reflected in the value of the whole flat rather than in just a part of it.

27. Mr Orr-Ewing allows a further 5% reduction (to the value of the rear flats only) to reflect the risk as he sees it of an adverse change in planning policy that would prevent the combination of the front and rear flats on the second and third floors at the expiry of the existing leases in 2023. It also reflects the fact that although there was a strong demand for larger flats at the valuation date this might not be the case in 16 years time. He relies upon a decision of the LVT in November 2008 concerning a property at 2 Hamilton Terrace London NW8 in which the LVT reduced the uplift in value by 90% due to "significant uncertainties". Mr Orr-Ewing acknowledges that the uncertainties are much less in the present appeal. Indeed he accepts that, as at the valuation date, no such planning problems existed and that there was a demand for large flats in prime areas. The LVT case to which Mr Orr-Ewing refers was not concerned with the combination of flats to form single units on a number of floors but with the conversion of all the flats within a building into a house. Reference is made in that decision to the decision of this Tribunal, Mr P R Francis FRICS, in *Cadogan Estates Limited v Panagopoulos* [2008] LRA/97&108/2006, which concerned 47 Cadogan Square. In that case the planning issue was also concerned with the conversion of flats into a house and extensive planning evidence was given. No such planning evidence was put forward by the respondents in this appeal and we are not persuaded that the market would make an adjustment at the

valuation date for the risk of a change in planning policy or for a lowering of the demand for large flats. We accept Mr Scott-Barrett's view that the risk is very small and, given the rare opportunity to create flats of such quality and size on the second and third floors and the precedent of such a combined flat having already been created on the first floor, is not one that the market would take into account. We therefore make no adjustment for planning and/or demand risk.

28. We adopt Mr Orr-Ewing's figures for relativity except for those comparables of the sale of long leasehold interests where he has adopted 100%. It seems to us that this is inconsistent with the agreement between the parties that the relativity of Flat A (106.34 years unexpired) is 98%. We adopt that figure for such transactions.

29. We prefer Mr Scott-Barrett's adjustments in respect of comparables which are off-square. We therefore allow 10% in respect of Nos.15 and 78 Cadogan Square (although we note that in his final analysis of comparables Mr Scott-Barrett does not appear to make any adjustment in respect of No.15). We do not accept that the provision of a uniformed porter at No.78 completely offsets the disadvantages of being off-square. We allow 2.5% and therefore reduce the allowance for being off-square to 7.5%. No.40 is at the far north west corner of the square and only has an oblique view over the gardens. We accept Mr Scott-Barrett's allowance of 5% to reflect this.

30. The only comparable where the parties disagree about the allowance for condition is Flat 3 at 15 Cadogan Square. Mr Scott-Barrett allows £200 psf whereas Mr Orr-Ewing allows £250 psf. Mr Scott-Barrett said that "apparently the flat is in good but not exceptional condition". Mr Orr-Ewing said that his firm had sold the flat and "I am informed that it was in excellent condition." We also have a copy of the sales particulars. We prefer Mr Orr-Ewing's allowance of £250 psf.

31. Mr Scott-Barrett made a 5% allowance in respect of the sale of Flat 3 at 53 Cadogan Square because it was let on an assured shorthold tenancy. He explained that he made this adjustment because there was a smaller market for flats that were let. But he had not investigated who had purchased the flat and did not know whether it had been bought by an investor or an owner-occupier. He said that he "habitually" applied an adjustment of 5% in such cases but acknowledged that it was necessarily a view. We are not satisfied that the evidence supports such an adjustment and we do not adopt it.

32. The adjustments made by both parties in respect of relativity, location and for lateral layout are expressed as percentages. The adjustments made for condition are expressed as a figure per square foot. Applying percentage adjustments is commutative, ie it does not matter to the result in which order those adjustments are made. However, the deduction of a spot figure for condition is not commutative and the point at which that deduction is made will affect the result. Mr Orr-Ewing deducts the allowance for condition after each comparable has been adjusted for time and before the other (percentage) adjustments are made for relativity, location and lateral layout. Mr Scott-Barrett adjusts for relativity before adjusting for condition. He then makes further adjustments for location and lateral layout. The difference

between the two methods can be significant. Thus Mr Orr-Ewing analyses the adjusted rate of Flat 2 at 35 Cadogan Square as £2,266 psf. Using Mr Scott-Barrett's approach (but using Mr Orr-Ewing's adjustments) gives an equivalent figure of £2,348 psf. We prefer Mr Scott-Barrett's approach since it adjusts for non-physical factors (time and relativity) before making allowances for physical factors (condition, location and lateral layout). We accept the order in which Mr Scott-Barrett makes his adjustments for physical factors since there is no dispute about it, but we note that deducting for condition as the final adjustment would give a higher figure. In the above example deducting the allowance for condition last would produce an adjusted rate of £2,378 psf (an increase of 5% over the figure adopted by Mr Orr-Ewing).

33. Our analysis of the nine comparables used by the parties is given in Appendix 1. Mr Walker said that Mr Scott-Barrett's rate of £2,200 psf to value Flat J on the first floor was too high for two reasons. Firstly, it did not place enough weight upon the comparable at Flat 3, 53 Cadogan Square (£1,708 psf). That transaction took place in November 2006, the same month as the valuation date and was the largest of the three comparables relied upon. Secondly, by taking a rate at the upper end of the range of the comparables Mr Scott-Barrett was effectively double-counting since he had already allowed an additional 15% for the lateral layout. We do not accept either of these criticisms. Whilst Flat 3 at No.53 was sold close to the valuation date, the sale of Flat 2 at No.50 (£2,204 psf) was only two months later. Both experts agree the method for time adjusting comparables and both rely upon transactions before and after the valuation date. The comparable furthest removed in time from the valuation date, Flat 2 at No.78, was introduced by Mr Orr-Ewing. Although Flat 3 at No.53 is the largest of the three first floor comparables it is still well under half the size of Flat J. We do not think that Mr Scott-Barrett's choice of a valuation rate of £2,200 psf is double-counting. All three comparables were adjusted for the factors described above and two of the three exceed the rate adopted by Mr Scott-Barrett. His choice of rate seems to us to be a reasonable exercise of expert judgment based upon the available evidence.

34. We accept Mr Scott-Barrett's rate of £2,200 psf to value Flat J. It is directly supported by two of the three comparables (£2,348 psf and £2,204 psf), one of which, Flat 2 at No.50, is on the same side of the square only two buildings away from the appeal property. The third comparable, Flat 3 at No.53 is considerably less at £1,708 psf. Mr Orr-Ewing does not rely exclusively upon Flat 3 at No.53 but gives equal weight to all three comparables by taking the (rounded down) average of the three as his adopted rate. We calculate that average to be £2,087 psf. Although we have allowed 10% for the lateral layout of the appeal property there is no specific adjustment to allow for the benefit of the large size of Flat J (4,172 sf) and its occupation of the entire first floor. We accept Mr Scott-Barrett's view that these features were highly desirable at the valuation date (together with off-street parking) and would have supported a higher than average figure of £2,200 psf.

35. There are six comparables for the valuation of the second and third floor flats. Mr Walker submitted that the comparable of Flat D at No.14 was the best evidence because it was the largest comparable, required no time adjustment and was located on the best (northern) side of the square. We have analysed the value of this comparable at £1,266 psf but Mr Orr-Ewing did not rely upon just one comparable, preferring instead to take the average of all six

comparables (£1,371 psf in his analysis, £1,418 psf in ours) and therefore gives them equal weight.

36. Mr Scott-Barrett adopts £1,675 psf as the rate to value the appeal property, a figure which is £207 psf higher than his average of the six comparables. This rate is towards the top of the range of comparables, only two of which are higher. He supports this figure by reference to the cost of totally refurbishing the second and third floor flats and combining them into single units. He estimates this cost to be in excess of £1 million, or £250-£300 psf. He concludes that to discount the value of Flat J (£2,200 psf) by more than 23.9% would not be justified.

37. We do not accept Mr Walker's submission that the greatest weight should be attributed to Flat D at No.14 for the reasons given above in relation to Flat J (although unlike the first floor, none of the other comparables have sale dates within 7 months of the valuation date). We prefer to consider all the available evidence, as both the experts have done. We are satisfied that a figure of £1,550 psf is appropriate to value the second and third floor flats. From this we deduct £25 psf in respect of the difference in floor levels, giving a final value of £1,525 psf. This is higher than the average figure of £1,418 to reflect the large size of the combined flats and the benefit of their single occupancy of each floor. Mr Scott-Barrett compared the values of Flat J with the values of the second and third floors as a check. We think this is a reasonable approach, provided the valuation of the first and second/third floors is undertaken primarily on the evidence in respect of each. Mr Scott-Barrett's adopted figures show that the value of the second and third floors was 76% of that of the first floor, whilst Mr Orr-Ewing's equivalent figure (which we acknowledge was not analysed by him in these terms) was 59%. The average value of the second and third floor comparables is 68% of the average value of the first floor comparables. The equivalent figure for our adopted values is 70% which, in the light of the evidence, we consider to be an appropriate reflection of the higher value of the first floor, the main storey of the appeal property.

38. We conclude that the enfranchisement price of £14,495,981 determined by the LVT is too low and we therefore allow the appeal. We determine the enfranchisement price of the appeal property as £17,055,919 calculated as shown in Appendix 2 hereto.

Dated 14 January 2010

George Bartlett QC, President

A J Trott FRICS

## LANDS TRIBUNAL ANALYSIS OF COMPARABLES

<b>Address</b>	<b>Tenure</b>	<b>Date Sold</b>	<b>Price (£)</b>	<b>Area (sf)</b>	<b>Rate psf (£)</b>	<b>Time Adjusted Rate psf (£)</b>	<b>Relativity (%)</b>	<b>Condition (£ psf)</b>	<b>Location (%)</b>	<b>Lateral Layout (%)</b>	<b>Adjusted Rate (£ psf)</b>
<b>FIRST FLOOR</b>											
1. Flat 2, 35 Cadogan Sq	L/H: 52 yrs	11.5.07	£3,100,000	1,469	2,110	1,948	80	300	100	110	2,348
2. Flat 2, 50 Cadogan Sq	L/H 107 yrs	18.1.07	£3,350,000	1,578	2,123	2,062	98	100	100	110	2,204
3. Flat 3, 53 Cadogan Sq	L/H 107 yrs	24.11.06	£3,053,777	1,778	1,718	1,718	98	200	100	110	1,708
<b>AVERAGE: FIRST FLOOR FLATS</b>											
											2,087
<b>SECOND FLOOR</b>											
4. Flat D 14 Cadogan Sq	L/H: 106 yrs	24.11.06	£1,800,000	1,311	1,373	1,373	98	250	100	110	1,266
5. Flat 3 15 Cadogan Sq	L/H: 106 yrs	23.7.07	£1,350,000	826	1,634	1,496	98	250	110*	110*	1,532
6. Second floor flat 35 Cadogan Sq	L/H: 52 yrs	27.6.07	£2,000,000	1,302	1,536	1,403	80	100	100	110	1,819
7. Flat 3 73 Cadogan Sq	Share of F/H	8.6.07	£1,850,000	922	2,007	1,833	100	300	100	110	1,686
8. Flat 2 78 Cadogan Sq	L/H: 70 yrs	24.12.05	£765,000	1,007	760	865	92	0	107..5*	110*	1,105
<b>THIRD FLOOR</b>											
9. Flat 4 40 Cadogan Sq	L/H: 70 yrs	14.6.06	£1,005,000	1,121	897	952	90	100	105*	110*	1,101
<b>AVERAGE: SECOND AND THIRD FLOOR FLATS</b>											
											1,418

\*Adjustment summated not multiplied.

## **54-56 CADOGAN SQUARE: LANDS TRIBUNAL VALUATION**

**54-56 CADOGAN SQUARE: LANDS TRIBUNAL VALUATION**

A.	<b>Value of freeholder's interest</b>			
<b>1.</b>	<b>Participating flats under 80 years</b>			
	<b>Term</b>			
	Rent receivable p.a.	£1,340		
	x YP 16.34 years @ 5.5%	10.6014		
			£14,206	
	<b>Reversion</b>			
	FHVP of participating flats under 80 yrs	£31,443,766		
	x PV of £1 in 16.34 years @ 5%	<u>0.4506</u>		
			£14,168,561	
				£14,182,767
<b>2.</b>	<b>Participating flats over 80 years (28 Clabon Mews)</b>			
	<b>Term</b>			
	Rent receivable p.a.	£120		
	x YP 16.34 years @ 5.5%	10.6014		
			£1,272	
	<b>Reversion</b>			
	FHVP of participating flats over 80 years	£1,618,750		
	x PV of £1 in 106.34 years @ 5%	<u>0.0056</u>		
			£9,065	
				£10,337
<b>3.</b>	<b>Non-participating flats over 80 years (Flat A)</b>			
	<b>Term</b>			
	Rent receivable p.a.	£90		
	x YP 16.34 years @ 5.5%	10.6014		
			£954	
	<b>Reversion</b>			
	FHVP	£2,378,645		
	x PV of £1 in 106.34 years @ 5%	<u>0.0056</u>		
			£13,320	
				£14,274
<b>4.</b>	<b>Caretaker's Flat</b>			
	FHVP	£406,200		
	x PV of £1 in 16.34 years @ 5%	<u>0.4506</u>		
				£183,034
<b>5.</b>	<b>Storage space/development</b>			
	FHVP	£369,600		
	x PV of £1 in 16.34 years @ 5%	<u>0.4506</u>		
				£166,542
				£14,556,954

<b>B.</b>	<b>Value of headlessee's interest</b>			
	Agreed			Nil
<b>C</b>	<b>Marriage value (participating flats with less than 80 years unexpired only)</b>			
	FHVP			£31,443,766
	Less			
(i)	Freeholder's present interest in participating flats		£14,182,767	
(ii)	Headlessee's present interest in participating flats		£ NIL	
(iii)	Lessees' present interest in participating flats		£12,263,068	
				£26,445,835
	Marriage value			£4,997,931
	Marriage value @ 50%			£2,498,965
<b>D</b>	<b>Compensation payable</b>			
	To headlessee			£Nil
	To Freeholder:			
(i)	Value of present interest			£14,556,954
(ii)	Share of Marriage value			<u>£2,498,965</u>
	Total price payable			£17,055,919