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Ref LON/LVT/998/98

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT PANEL

Leasehold Reform Act 1967 Housing Act 1980

DECISION OF LEASEHOLD VALUATION TRIBUNAL

ON AN APPLICATION UNDER S21 OF THE LEASEHOLD REFORM ACT 1967

Applicant: The Earl Cadogan

Respondent: Mrs D Loder Dyer

RE: 68 Cadogan Place, London SW1

RV at date when Tenant's Notice was given: £2,472

Date of Tenant's Notice: 9 April 1997

Application to Tribunal dated: 1 September 1998

Heard: 22 & 23 June 1999

Valuation date: 9 April 1997

Appearances:

Mr J W Bonney QC (of Counsel)

Mr J Gavaghan (of Counsel)

Mr C S R Marr-Johnson FRICS (Marr - Johnson & Stevens)

Mrs D Loder Dyer - the tenant

for the Tenant

Mr M Yardley (Cadogan Estates Ltd)

Mr A Radevsky (of Counsel)

Mr D Greenish (Lee & Pembertons)

Mr K D Gibbs FRICS (Gerald Eve, chartered surveyors)

Mr A McGillivray (W A Ellis)

for the Landlord

Members of the Leasehold Valuation Tribunal:

Mrs F R Burton LLB LLM MA (Chairman)

Mr D R Stevens FRICS FSVA

Mr D J Wills ACIB

Date of Tribunal's decision 2 DEC 1999

BACKGROUND

1. This was an application by Earl Cadogan for determination by the Leasehold Valuation Tribunal of the price payable pursuant to Section 9 (1C) of the Leasehold Reform Act 1967 for the house and premises at 68 Cadogan Place SW1, and, in accordance with Section 10 of the Act, of the terms of the conveyance.

2. The legal and political history of the tenant's claim to enfranchisement of the property is not relevant to the valuation to be made by the Tribunal. In brief, the tenant, Mrs D Loder Dyer, had been holding over pursuant to paragraph 3(1) of Part I of Schedule 3 to the Leasehold Reform Act 1967 since the expiry on 29 September 1995 of a lease dated 5 May 1950 between the late William Gerald Charles, Earl Cadogan and the tenant's late husband, the tenant having been obliged to rely on the two critical amendments to the 1967 Act effected by the Leasehold Reform, Housing and Urban Development Act 1993 and by the Housing Act 1996 in order to pursue her claims to enfranchisement. It is thus that the valuation date is 9 April 1997, the date of service of the tenant's (finally) effective claim to enfranchisement, and in the absence of any remaining term of the lease, that the crucial issue for the Tribunal to determine was the value of the unimproved freehold, a figure as to which the respective valuers for the freeholder and the tenant were at various times as much as £300,000 - £600,000 apart.

3. It was clear that this matter would not be easy to determine since there appeared to have been continuous dispute between the parties as to the precise level of repair and improvement of the property at the commencement of the lease in May 1950. Moreover, although there appeared to be considerable common ground the Tribunal did not have the benefit of a formally Agreed Statement of Facts, the freeholder's valuers had been refused access to the premises and in the absence of any such coordinated preparation both parties' valuers were each individually obliged to rely on plans and schedules of works dating from 1949-50 and on plans and inspections dated 1989 and 1990. Nevertheless, from their respective proofs it appeared that the parties' valuers were in fact substantially in agreement on the matter of improvements since Mr Marr-Johnson for the tenant (while detecting some

discrepancies in the freeholder's list of tenant's improvement works prepared by Mr Gibbs of Gerald Eve) attached "no great significance to these discrepancies in valuation terms", and appears to have regarded Mr Gibbs' statement of facts (attached at Appendix A) as "agreed". In all circumstances, it is therefore a matter for regret that the parties were not apparently able to instruct their respective professional valuers to take a broad brush approach so as to agree for the benefit of the Tribunal, matters which after nearly 50 years could not (in the absence of clear evidence) be precisely determined, rather than to rely in the post - Woolf era on the medieval customs of trial by combat and ambush. The Tribunal is an expert Tribunal and is entitled to expect the best and most timely technical assistance from the parties in making its determination of the issues of fact and value.

DESCRIPTION

4. The property is a fine family house in a stuccoed terrace with porticoed entrance, built about 1840 and in the excellent residential location of Cadogan Place overlooking its own communal gardens, on the Belgravia and Chelsea Borders. In this fine location, it is as well situated as such a house could be and (regardless of its precise internal condition), having the benefit of a site at the centre of a large area of fashionable prime residential and commercial property in the ownership of two very well managed estates. The individual attributes and accommodation of the property are fully set out in Appendix A.

THE HEARING

5. At the hearing, on 22 and 23 June 1999, Mr Radevsky for the freeholder explained that the changes in the law which had ultimately enabled the tenant to make her successful claims for enfranchisement had made one important change in the usual Section 9 (1A), valuation regime where the property to be enfranchised exceeded the original rateable value limits removed by the Leasehold Reform, Housing and Urban Development Act 1993, namely that in the case of such a property it should not be assumed (as would otherwise be so, pursuant to Section 9 (1A) (b) of the 1993 Act) that the tenant would be entitled to a statutory tenancy under Part I of the Landlord

and Tenant Act 1954 (or an assured tenancy under the Local Government and Housing Act 1989). This was because a house with a very high rateable value did not fall within the protection of those statutes and nor was any reason advanced at the hearing to change that position. The tenant's valuer had nevertheless valued on the assumption that the tenant had a right to a statutory tenancy, even though it was common ground that she had not, as was inter alia endorsed by her letter of 26 April 1996 (reproduced in the Hansard account of 30 April 1996 of the House of Commons debate on the Housing Bill of that year) in which she says the very amendment of the law which ultimately permitted her to make an effective claim for enfranchisement, and pleads for the amendment on the grounds that if it is not made she and "many others in a similar position stand to lose their houses as they have no statutory protection".

6. For the tenant, Mr Bonney QC vigorously disputed the freeholder's case in this regard supporting his contention by a volume of case law and by evidence from the tenant's valuer, Mr C S R Marr-Johnson FRICS, to the effect that either (i) the tenant had statutory protection under the Landlord and Tenant Act 1954 or (ii) the reality of the market was such that a willing buyer as at the valuation date would have been concerned that the tenant potentially had such protection and/or that there would be such practical difficulties in securing vacant possession that a discount would inevitably have been required in order to strike a bargain. Mr Marr-Johnson presented a portfolio of different valuations to cater for such potential alternatives, and Mr Bonney asked the Tribunal to "take itself into the market at the valuation date of 9 April 1997" even if they took the view that the tenant was not protected.

7. For the freeholder, Mr Radevsky insisted that the tenant had no right, it being common ground that the tenant's right to remain had expired on 20 June 1997, less than 3 months after the valuation date, and that any purchaser who had sought appropriate advice would have discovered that in reality there was no possibility of some unspecified claim, and would therefore probably have entered into a conditional contract. In particular, he sought to distinguish the present case from that of Cadogan Estates v Shaligholi [1999] 1 EG LR 189 where the tenant had had some bargaining position, whereas in the present case the tenant had none.

8. Mr Radevsky also presented to the Tribunal the Cadogan Estate's standard form of transfer on sale (used by the Estate for all sales, including those under the Act) and indicated that although this had been submitted to the tenant, no response had been received. He called Mr D Greenish to give evidence as to its terms. Mr Bonney QC indicated that the form of transfer was not agreed and that although Mr Greenish was prepared to concede some minor points, the tenant particularly objected to the retention of (i) any restriction on the use of the property as a single house with the one satellite dwelling envisaged if the potential mews cottage were constructed at the bottom of the garden so as to match others in the terrace (as the Estate itself sometimes actually converts houses into flats of which there were currently plenty of examples) and (ii) any restriction preventing any trade, business or professional use. In summary, Mr Greenish's objection to the deletion of these covenants were respectively that both valuers agreed that the property was a single house of great quality which it would be desirable to retain as such and that any non-residential use, in a virtually totally residential terrace, would create additional traffic, noise and parking problems. In both cases there would be an adverse effect on the value of the Estate's adjoining property (a view in which he was later supported by Mr Gibbs). In the circumstances, it was clear that the appropriate terms of the conveyance would have to be settled by the Tribunal.

9. Valuation evidence in relation to the unimproved freehold value of the premises was given by Mr A Mc Gillivray of W A Ellis, by Mr Gibbs and Mr Marr-Johnson, and tested in the usual way, and this is evaluated below. As was to be expected the parties were in sharp disagreement as to the likely building costs of both a potential fifth floor and a mews house in the rear garden space with pedestrian access from Cadogan Lane.

THE INSPECTION

10. Following the completion of the Hearing the Tribunal carried out an inspection of the subject property accompanied by representatives of the parties.

11. The property was located last but one at the southern end of a terrace of forty two properties fronting on to extensive communal gardens and tennis courts. In common with all the properties in the terrace the front elevation was of stucco finish and in fair decorative order. There was a narrow balcony to the front elevation at first floor level.
12. The accommodation, which was somewhat rambling, and did not benefit from a contemporary layout, was on six floors including the basement.
13. The Tribunal commenced their inspection in the basement to which there was a separate access from Cadogan Place by way of a steep winding staircase. Generally there was poor natural light throughout this floor. Both the main living rooms and the corridor had wood block flooring. A narrow kitchenette was at the rear of the front room. A small bathroom had been formed at the rear of the passageway, the bath being inconveniently placed next to the access to the nearby light well. There was a separate w.c. accessed from the bathroom area.
14. The main kitchen which was at the rear of the building contained an Aga range together with two gas fired boilers, one providing domestic hot water the other supplying the central heating system. There were many obviously original fitted cupboards. Natural light to the kitchen was very restricted by climbing plants on the rear elevation. Leading off the kitchen was the scullery mainly containing its original fittings. The Committee noted the pantry which had been the subject of a licence granted by the freeholders. There was a small garden to the rear, with pedestrian access to Cadogan Lane which the Tribunal noted would be the site of any mews cottage to be constructed.
15. The Tribunal commenced their inspection of the remainder of the house via the front door at ground floor level. Rooms on this floor were spacious and well proportioned retaining many original ornate cornices to the ceilings. The staircase leading to the upper floors rose from the large hall area. The dining room at the rear was also well proportioned but, as with the kitchen immediately below, the natural

light was greatly restricted by climbing plants on the rear elevation. There were signs of past damp penetration from the lead lined flat roof above this room.

16. The first floor accommodation was of similar proportion to the ground floor and was in reasonable decorative order. As on the ground, the first floor rooms retained the original cornices and plaster mouldings to the walls. On the half landing between the ground and first floors was a small bathroom. A separate w.c. together with a bathroom with a wash hand basin was situated on the half landing between the first and second floors, the remaining three floors providing further bedroom accommodation, each having adequate bathroom and toilet facilities. There was also another kitchenette.

17. The interior decorative condition was only fair. It appeared that little or no improvement had been carried out to the property since 1949-50. In this connection each of the living rooms and bedrooms contained the original column radiators which were installed in 1949/50. The reality clearly was that extensive modernisation and redecoration was unarguably required throughout.

18. The Tribunal also had the benefit of an internal inspection of Nos. 43 and 44 Cadogan Place (both currently in the hands of builders) and were able to note the extremely impressive results which could be achieved by extensive modernisation and refurbishment of houses in the terrace. They were also able to observe the outlook over the private gardens, the substantial lack of non-residential use (noting Chesterfield Estate Agents on the corner with Pont Street, a doctor's surgery just before that junction and the shop, some distance away from the main part of the terrace, in the South West corner adjoining Sloane Street). Finally, they also externally inspected the other comparables relied on.

VALUATION

19. Following their inspection, the Tribunal considered the extensive valuation evidence provided at the hearing, where possible looking for actual transactions or settlement evidence to support their expert judgment as is their practice.

20. It was clear that there was common ground between the parties that the improvements carried out to the property in 1950 had little bearing on the leasehold value of the subject property as at the date of valuation and that what had or might have been one since was "de minimis". The Tribunal therefore concentrated their analysis on the comparables submitted.

21. Both parties relied on similar transactions and for ease of reference the Tribunal carefully considered the (amended) analysis (see Appendix B,) prepared by Mr A McGillivray of W A Ellis of four sales which had taken place within the vicinity of the subject property over a period of some 32 months, within 18 months of the valuation date. His comparables did not stray from the immediate area and he relied on the FPD Savills index with caution and as a check rather than as "gospel" to be followed.

22. No 26 Cadogan Place/6 Cadogan Lane "arranged as flats" was sold approximately 14 months prior to the valuation date. From an external inspection the Tribunal formed the view that it was dissimilar to the subject property and was in an inferior location.

23. The sale of 52 Cadogan Place and 54 Cadogan Lane in September 1997 was for a leasehold interest the subject of a ground rent of £9,000. The property had been the subject of improvement albeit some 20 years ago. It was the view of the Tribunal that this particular transaction tended to distort the average price of the comparables available.

24. No 58 Cadogan Place and 56 Cadogan Lane was sold in September 1998 some 17 months after the valuation date. It was noted that the property, like 26 Cadogan Place/6 Cadogan Lane had been previously "arranged as several flats".

25. The Tribunal considered that, while on general principles all comparables are valuable and must be taken into account, in all the present circumstances they gained most assistance from the sale of Nos 43 and 44 Cadogan Place which had taken place

some four months after 9 April 1997. Mr McGillivray had analysed that sale and had adjusted for the passage of time between the valuation and the date of sale at a figure of £416 per sq foot of the gross internal area of the existing property.

26. In his supplementary valuations dated 22 June 1999, presented at the first day of the hearing, Mr Marr-Johnson put forward four valuations of the existing property initially £2.66m and £2.9m which he subsequently amended to £2.544m, and later added a further £250,000 in respect of the site value of the potential mews property. He did not provide supporting evidence for this approach.

27. The Tribunal acknowledged that there is potential value in the scope for the provision of an additional storey at fifth floor level of the main building in addition to the potential construction of a mews property fronting on to Cadogan Lane.

28. The Tribunal also noted that at the date of valuation other than a statutory period of three months to the tenant, there could be no value in any unexpired term as such, because the lease had expired.

29. The Tribunal concluded that the most relevant comparable put forward by the parties was that of the sale of 43 & 44 Cadogan Place at £7million which was effected nearest to the valuation date. For the purposes of the valuation the Tribunal have therefore adopted the devaluation of the sale price by W A Ellis namely £416 per square foot using the adjusted area of 10,606 square feet.

30. In the circumstances the Tribunal adopted the basic approach of Mr McGillivray as to the costs of construction and the overall reduction factor, and with due respect to Mr Bonney's creative argument, also accept that no reduction is appropriate for the right to a statutory tenancy, as in their view, as set out by Mr Radevsky, the tenant had none at the valuation date.

31. The Tribunal's valuation appears at Appendix E and those of the parties valuers respectively at Appendix C (landlord's) and Appendix D (tenant's).

THE TRANSFER

32 The Tribunal considered with care the terms of the proposed transfer and would be pleased to approve the amended draft as resubmitted by Mr Greenish on the second day of the hearing subject to the following further amendments:

- (i) deletion of the final words of paragraph 2(ii) (“or otherwise than as not more than two single private dwelling houses each in one family occupation only”).
- (ii) addition to paragraph 2(ii) after the words “Not to carry on or permit to be carried on (on) the property or any part thereof any trade business or profession” the further words “without the previous written consent of the transferor (such consent not to be unreasonably withheld or delayed). (the Tribunal noted that the word “on” included in brackets above is presently missing from the draft but is essential to the sense of the sub paragraph).

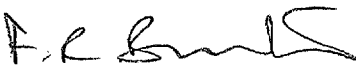
The Tribunal was of the view that the above amendments were both in the interests of the protection of the quality of the Estate from which the enfranchisee partially derives the value of the property acquired and for the preservation of that quality and value.

COSTS

33. No application was made by either party at or after the hearing with regard to the freeholder’s costs but may still be made at a later date if not agreed.

DECISION

34. The Tribunal therefore determined the sum to be paid for the acquisition of the freehold interest of 68 Cadogan Place, London SW1 to be £ 2,996,500.

CHAIRMAN 

DATE **2 DEC 1999**

STATEMENT OF FACTS**1.0 DESCRIPTION OF PROPERTY AND THE SURROUNDING AREA**

- 1.1 The property is a 6 storey, mid terrace house located at the southern end of Cadogan Place, which runs parallel to Sloane Street. It overlooks large private gardens and is situated approximately 200 metres (220 yards) to the north of Sloane Square and 500 metres (550 yards) south of Knightsbridge Underground Station in one of the prime residential areas of London. I show the property edged red on **KDG PLAN 1**.
- 1.2 The property was built circa 1840 in brick with white stucco front elevations, a slate roof and porticoed entrance. The terrace, including No. 68, is entered in the List of Buildings of Architectural or Historic Interest as Grade II.
- 1.3 The main terraced accommodation is arranged over six floors with a two storey full width rear extension, two further small single storey rear rooms and a small five storey mezzanine section. There are also vaults beneath the pavement.
- 1.4 The gross internal area of the property is approximately 607 sq m (6,530 sq. ft) or 6,488 sq ft (602.7 sq m) if the 3rd floor rear mezzanine section 42 sq ft (3.9 sq m) is excluded. The lease records the width of the site as being 22' 0" and the depth, 120'6" with direct access onto Cadogan Lane at the rear.
- 1.5 The property was inspected on 7 September 1989 and again on 22 November 1990. **KDG PLANS 2(a) and 2(b)** show the configuration then and although I have been refused access to inspect since the claim was submitted I understand the property had not been altered.
- 1.6 At the time of my inspections the central heating system was based on cast iron column radiators. The pipework was entirely in galvanised steel. The main distribution pipes ran beneath the basement ceiling. They were boxed in around the basement kitchen but exposed elsewhere. The main pipes then ran vertically through 2 ducts up the front north west corner and rear north east side of the house respectively.
- 1.7 The house had a rudimentary electrical system with generally only one or two 2 amp lighting sockets in each main room. These were supplemented in the kitchen in the ground floor rooms and first floor landing by old 5 and 15 amp round pin sockets. There were six modern double 13 amp sockets and one single in the basement flat and 6 additional power points on other floors. The total number of switched power sockets was approximately 16 of which 9 were double, Much of the wiring to the power circuits was on the surface. There were only 19 fixed ceiling lights and these were mainly on landings. Only 10 of the 22 main rooms had any fixed electric lighting.
- 1.8 There was a coal fired range in the kitchen and two boilers.
- 1.9 The property was in good repair but generally in need of internal redecoration and complete refurbishment.

2.0 ACCOMMODATION

2.1 The accommodation comprised a self-contained 2 room flat in the front basement which was separated from the rear of the main house by a temporary hardboard faced partition on a timber frame. The remainder of the property was occupied by the tenant as a single house although there is a small second kitchen on the top floor.

2.2 The accommodation was set out as follows:-

		Approximate Dimensions (Overall Internal)
Basement	Lounge	15' 3" x 13' 9"
	Kitchenette	4' 1" x 9' 0"
	Bedroom	14' 11" x 12' 11"
	Bathroom with WC	9' 0" x 9' 0"
	Boiler Room and Store	8' 1" x 15' 2"
	Kitchen	17' 10" x 21' 1"
	Larder Scullery	11' 0" x 4' 0" 14' 0" x 6' 9"
Ground	Lounge Hall	15' 10" x 20' 5"
	Front Room	19' 5" x 15' 4"
	Store and WC	6' 1" x 15' 9"
	Dining Room	19' 6" x 21' 1"
Half Landing (between ground and first floors)	Bathroom with bath only	
First	Large Bedroom	19' 6" x 20' 5"
	Sitting Room	15' 8" x 12' 0"
Half Landing (between first and second floors)	WC with wash hand basin in lobby off landing	5' 1" x 3' 0"
Second	Front Bedroom	19' 2" x 20' 6"
	Back Bedroom	15' 8" x 13' 5"
Half Landing (between second and third floors)	WC with wash hand basin	3' 9" x 3' 7"
Third	Front Bedroom/Study	13' 3" x 7' 9"
	Front Bedroom	19' 8" x 12' 3"
	Rear Bedroom	16' 1" x 13' 4"
Half Landing (between third and fourth floors)	Bathroom with bath, wash hand basin and adjoining WC	6' 1" x 6' 9" 3' 8" x 3' 8"

Approximate Dimensions
(Overall Internal)

Fourth	Large Front Bedroom	19' 8" x 12' 9"
	Small Front Bedroom	13' 0" x 7' 7"
	Rear Bedroom(access to tank room)	16' 5" x 13' 10"
	Bathroom and Kitchen	12' 4" x 6' 8"

This is all as shown on **KDG PLANS 2(a) and 2(b)**.

3.0 RATEABLE VALUE

- 3.1 The property was entered in the 1963 and 1973 Valuation Lists respectively as:-

Gross Value	Rateable Value	
House	£1200	£972
House	£3000	£2,472

4.0 DATE AND BASIS OF VALUATION

- 4.1 Mrs Loder Dyer's Notice dated 9 April 1997 was received by the Estate on 11 April 1997. The date of valuation is therefore 11 April 1997. Since the relevant Rateable Value exceeds £1,500 the property falls to be valued under the provisions of Section 9 (1C) of the LRA 1967 (as amended).

5.0 LEASE DETAILS

- 5.1 The lease of the property dated 5 May 1950, was granted by The Right Honourable William Gerald Charles Earl Cadogan to Albert Edward Rex Dyer for a term of 45¾ years from 25 December 1949 at a fixed rent of £100 per annum. The lease was granted in consideration of the sum of £250 on condition that the lessee, at his own expense, carry out "repairs and other works as may be necessary to put the premises into a good state of repair and condition" by 25 December 1950. It is specified that no alterations of the plan, height, elevation or appearance are to be made without the licence in writing of the lessor.
- 5.2 Attached to the lease is a memorandum dated 21 February 1968, in which the Cadogan Estates Ltd granted the lessee a licence to assign to Doreen Patricia Loder Dyer subsequent to Mr Loder Dyer's death.

68 CADOGAN PLACE

W.A. ELLIS

DATE OF CLAIM - 9TH APRIL 1997

*Floor areas include 260 sq ft of cellars per Cadogan Place house

ADDRESS	DATE OF SALE	TENURE	ACCOMMODATION	NOTES	SALE PRICE	FLOOR AREA SQ FT	RATE PER SQ FT	RATE PER SQ FT ADJUSTED TO DATE OF CLAIM PER SAVILLS INDEX PCL WEST
43 & 44 Cadogan Place and 36 & 38 Cadogan Lane	Aug 1997	Freehold	Was used as a hostel - Many subdivided rooms	Sold in derelict condition	£7,000,000	16,580* less 520 16,060	(£422) £436	(£403) £416
52 Cadogan Place & 54 Cadogan Lane	Nov 1997	Leasehold 79 years £9,000 pa ground rent	7 beds, 6 baths. 5 recepts. large garage	Modernised approx 20 years ago	£4,000,000 (£4,400,000)*	7,341	£599	£556
58 Cadogan Place & 56 Cadogan Lane	Sep 1998	Freehold	Arranged as several flats	Sold in semi- derelict condition	£3,700,000	6804* less 260 6544	(£544) £565	(£476) £495-
26 Cadogan Place & 6 Cadogan Lane	Feb 1996	Freehold	Arranged as flats	Unmodernised Noisy position	£2,650,000	8122	£326	£409 ----- Average £469
	DATE OF NOTICE			NOTES	VALUATION	FLOOR AREA INCL. POTENTIAL		RATE PER SQ FT AT DATE OF CLAIM
68 Cadogan Place	9 th April 1997	Freehold		In repair but unmodernised	£3,300,000 £3,400,000	7788		£423 £436

*Adjusted to freehold value with further adjustment for the high ground rent

The average rate per square foot being achieved in Cadogan Place adjusted to the date of claim was **£469** (see Table of Comparables Appendix 5)

Floor area of 68 Cadogan Place 6488 sq ft
Multiplied by **£469** per sq ft £3,042,872

Additional 5th floor area 500 sq ft
Multiplied by **£469** per sq ft £250,000
Less cost of building at £126.6 per sq ft £63,300 £186,700

Addition of mews house floor area 800 sq ft
Multiplied by **£469** per sq ft £375,200
Less cost of building at £101.2 £80,960 £294,240
£480,940

Value of potential – 75% £360,705

£3,403,577

Say **£3,400,000**

6.0 FREEHOLD VALUATION

It is my opinion that the freehold of 68 Cadogan Place had an open market value of **£3,400,000** (three million three hundred thousand pounds) with vacant possession in the market conditions prevailing at the date of notice on the 9th April 1997 in accordance with the legislation. I have approached this valuation by imagining the property on the date of notice, in its unimproved state but generally in repair in accordance with Mr Gibbs' description at 4.3 above.

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22 June 1999

LON/LVT/998/98

Leasehold Valuation Tribunal

Hearing re 68 Cadogan Place, SW1

Supplementary Report by C S R Marr-Johnson

I have now had the opportunity to study the reports of Messrs Gibbs and McGillivray, and hence to reconsider my opinion of value in this case.

43 & 44 Cadogan Place

It was clearly wrong of me to calculate the rate per square foot by dividing the total price by the floor area of the house without the mews in each case. Also I believe it is simpler and more accurate to take the two properties together. My revised calculation is therefore:-

£7m / 16,580 sq ft = £422 per sq ft (not showing the decimal places).

£422 / 1.08 (Savills house index) x 0.95 (for location) x 6,488 sq ft (at 68) + £250,000 (site for a mews) = £2.659m, say **£2.66m**.

The result is **£1,828,136** without marriage value, and **£2,244,068** with it, as attached.

Alternatively, if the LVT decide that it is more appropriate to average the results of the group of comparable transactions, I would approach it this way:-

43 & 44 Cadogan Place

As above £7m / 16,580 sq ft / 1.08 x 0.95 = **£371 p.s.f.**

26 Cadogan Place

£2.65m / 8/122 sq ft x 1.27 (Savills houses index 259.4/204.2) x 0.95 = **£394 p.s.f.**

58 Cadogan Place

£3.7m / 6,804 sq ft / 1.1955 (Savills houses index 310.1/259.4) x 0.95 = **£432 p.s.f.**

52 Cadogan Place

I ignore this one for two reasons; it is already substantially modernised, and it has leasehold

complications which make it difficult to compare with the freehold examples.

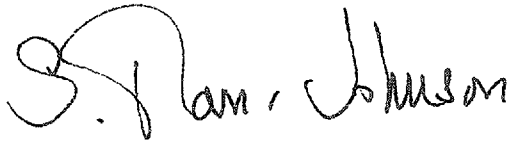
Result

The average of the four comparables above, 26,43,44 & 58, is £407.75 p.s.f.
Multiply this by 6,488 sq ft at number 68 to give £2.895m or say **£2.9m**.

The result is then **£1,993,068** without marriage value, and **£2,446,534** with it, as attached.

As a further alternative, I have done the same calculations using a lower discount of 10% if the tenancy would be at ~~market~~ rent instead of fair rent.

a unprotected
The results are shown attached.



C S R Marr-Johnson

22nd June 1999

Mrs P Loder Dyer

Leasehold Reform Acts 1967 & 1993

68 Cadogan Place, London SW1

<u>Freehold Valuation as at</u>	Apr 1997 claim	Oct 1998 effective expiry	
Ground rent per annum:			£100
Years' purchase for:	1.5 years at	6%	<u>1.3952</u>
			£140
Reversion to house in present condition freehold with vacant possession			£2,660,000 *
less discount for protection under L & T 1954 @ 25%			<u>£665,000</u>
			£1,995,000
Present value of £1 after:	1.5 years at	6%	<u>0.916289</u>
			£1,827,997
Open market value of landlords' interest			£1,828,136

Marriage Calculation

Freehold in possession as above			£2,660,000
less freeholders' interest	£1,828,136		
and lessee's interest @	0%		£0
Combined present interests			<u>£1,828,136</u>
Total marriage value			£831,864
Landlords' share @ 50%			0.5
			<u>£415,932</u>
Enfranchisement price exclusive of costs			<u>£2,244,068</u>

C S R Marr-Johnson

22nd June 1999

* this freehold value of £2,660,000 equals £409.99 per sq ft
based on 6,488 square feet.

Mrs P Loder Dyer

Leasehold Reform Acts 1967 & 1993

68 Cadogan Place, London SW1

<u>Freehold Valuation as at</u>		Apr 1997 claim	Oct 1998 effective expiry	
Ground rent per annum:				£100
Years' purchase for:	1.5 years at	6%		<u>1.3952</u>
				£140
Reversion to house in present condition freehold with vacant possession				£2,900,000 *
less discount for protection under L & T 1954 @ 25%				<u>£725,000</u>
				£2,175,000
Present value of £1 after:	1.5 years at	6%	<u>0.916289</u>	
				<u>£1,992,929</u>
Open market value of landlords' interest				£1,993,068

Marriage Calculation

Freehold in possession as above				£2,900,000
less freeholders' interest		£1,993,068		
and lessee's interest @	0%		£0	
Combined present interests				<u>£1,993,068</u>
Total marriage value				£906,932
Landlords' share @ 50%			0.5	
				<u>£453,466</u>
Enfranchisement price exclusive of costs				<u>£2,446,534</u>

C S R Marr-Johnson

22nd June 1999

* this freehold value of £2,900,000 equals £446.98 per sq ft
based on 6,488 square feet.

Mrs P Loder Dyer

Leasehold Reform Acts 1967 & 1993

68 Cadogan Place, London SW1

<u>Freehold Valuation as at</u>	Apr 1997 claim	Oct 1998 effective expiry	
Ground rent per annum:			£100
Years' purchase for:	1.5 years at	6%	<u>1,3952</u>
			£140
Reversion to house in present condition freehold with vacant possession			£2,660,000 *
less discount for tenancy @ 10%			<u>£266,000</u>
			£2,394,000
Present value of £1 after:	1.5 years at	6%	<u>0.916289</u>
			<u>£2,193,596</u>
Open market value of landlords' interest			£2,193,736

Marriage Calculation

Freehold in possession as above			£2,660,000
less freeholders' interest		£2,193,736	
and lessee's interest @	0%	£0	
Combined present interests			<u>£2,193,736</u>
Total marriage value			£466,264
Landlords' share @ 50%			<u>0.5</u>
			<u>£233,132</u>
Enfranchisement price exclusive of costs			<u>£2,426,868</u>

C S R Marr-Johnson

22nd June 1999

* this freehold value of £2,660,000 equals £409.99 per sq ft
based on 6,488 square feet.

Mrs P Loder Dyer

Leasehold Reform Acts 1967 & 1993

68 Cadogan Place, London SW1

<u>Freehold Valuation as at</u>	Apr 1997 claim	Oct 1998 effective expiry	
Ground rent per annum:			£100
Years' purchase for:	1.5 years at	6%	<u>1,3952</u>
			£140
Reversion to house in present condition freehold with vacant possession			£2,900,000 *
less discount for tenancy @ 10%			<u>£290,000</u>
			£2,610,000
Present value of £1 after:	1.5 years at	6%	<u>0.916289</u>
			<u>£2,391,515</u>
Open market value of landlords' interest			<u>£2,391,654</u>
Marriage Calculation			
Freehold in possession as above			£2,900,000
less freeholders' interest		£2,391,654	
and lessee's interest @ 0%		£0	
Combined present interests			<u>£2,391,654</u>
Total marriage value			£508,346
Landlords' share @ 50%			<u>0.5</u>
			<u>£254,173</u>
Enfranchisement price exclusive of costs			<u>£2,645,827</u>

C S R Marr-Johnson

22nd June 1999

* this freehold value of £2,900,000 equals £446.98 per sq ft
based on 6,488 square feet.

Appendix E

Tribunal's Valuation in accordance with Section 9(1C) of the Leasehold Reform Act 1967

Floor area of 68 Cadogan Place 6488 sq ft		
multiplied at £416 per sq ft		£2,699,008
Additional 5th floor - area 500 sq ft		
multiplied at £416 per sq ft	£208,000	
<u>Less cost of building @ £126.6 per sq ft</u>	<u>£63,300</u>	£144700
Addition of Mews house floor area 800 sq ft		
multiplied @ £416 per sq ft	£332,800	
<u>Less cost of building of £101.2</u>	<u>£80,960</u>	<u>£251840</u>
		£396540
Value of potential, say 75%		<u>£297405</u>
		£2,996,413
	But Say	<u>£2,996,500</u>