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Ref: LON/LVT/1321/00

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

Leasehold Reform Act 1967

Housing Act 1980

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON AN  
APPLICATION UNDER SECTION 9 (1A) OF THE  
LEASEHOLD REFORM ACT 1967**

Applicant: Grosvenor Estate Belgravia

Respondent: Dr A P Cockell

Intermediate Landlord: Proofchance Ltd

RE: 12 Eaton Mews North, London, SW1X 8AR

Date of Tenant's Notice: 6 May 2000

Application to the Tribunal dated: 12 October 2000

Heard: 5 and 6 June 2001

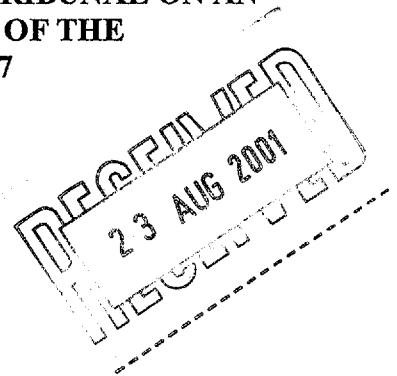
Appearances: Mr E Johnson (of Counsel)  
Mr S Clark (Russell Cooke, Solicitors)  
Mr J Shingles (Justin Shingles Ltd)  
for the Tenant

Mr S Burrell (of Counsel)  
Miss E Dobson (Boodle Hatfield (Solicitors))  
Mr T Martin BSc (Hons) MRICS (Grosvenor Estate)  
Mr I McPherson MA FRICS (Gerald Eve)  
Mr G Pope FRICS  
for the Landlord

**Members of the Leasehold Valuation Tribunal**

Mrs J McGrandle BSc (EstMan) ARICS MRTPI (Chairman)  
Mr J C Avery BSc FRICS  
Mrs L Walter MA (Hons)

Date of the Tribunal's decision: 17 August 2001



## **1. Introduction**

**1.1.** This is an application made by Grosvenor Estate Belgravia ("the applicants" or "Grosvenor") for the determination of the enfranchisement price as at May 24, 2000, the date the claim was received, for the freehold interest under S.9 (1A) of the Leasehold Reform Act, 1967 ("the 1967 Act") as amended by the Leasehold Reform, Housing and Urban Development Act, 1993 in respect of the house and premises at 12, Eaton Mews North, SW1. ("the property").

**1.2.** The tenant, Dr Cockell ("the respondent") who acquired her interest in August 1996, holds under a lease from Proofchance Ltd. dated 22.8.96 for a term of 24.75 years from June 12, 1996 to March 22, 2021. The unexpired term at the date of valuation is 20.83 years. The rent payable under the lease is £40 per annum with no provision for review.

**1.3.** The statutory basis of valuation as set out in S.9 (1) (A) of the 1967 Act is attached as Appendix 1.

**1.4.** Following the hearing, the Tribunal on 5 July 2001 made an internal inspection of the property and viewed the mews; viewed the rear of the property from the internal common parts of 60 Eaton Place; made external inspections of a number of other properties in the area quoted by the parties.

## **2. The Property**

**2.1.** This comprises a two-storey mews house in use as a single dwelling-house, with no garage, set on the north-west side of Eaton Mews North, this section of the mews running in a north-east/south-west direction with vehicular access from Eaton Place and from Lyall Street to the west and with the north-eastern end a cul-de-sac. The mews is included within the Belgravia Conservation Area. A number of the houses in this section of the mews have mansard roof extensions built at different times. To the rear of the property and relevant to these proceedings is the original main house to the property, 60 Eaton Place, a substantial six-storey Grade II listed building converted into three separate residential units. The 2-storey back addition to this house with its roof terrace extends to the house's boundary with the mews. There is a yard approximately 4m. wide by 8m. deep.

**2.2.** The inspection confirmed that this was a prime residential area of high value properties. Property maintenance was excellent and much building work was in evidence on the Estate.

## **3. Agreed Matters**

**3.1.** The appendices produced on behalf of the applicants included a Statement of Facts. This is attached as Appendix 2. In particular:

- The valuation date is May 24, 2000, giving an unexpired term of 20.83 years
- The property has a gross internal floor area (GIA) of 943 sq.ft.
- There is potential for extension by the construction of an additional floor subject to the receipt of planning permission
- That if an extension were to be constructed, the GIA would be 1315 sq.ft.
- Any loss of rental income to Grosvenor consequential upon the enfranchisement is to be capitalised @ 6 %
- The value of Grosvenor's reversion is to be deferred @ 6%

- No part of the enfranchisement price is payable to Proofchance

**3.2** During the course of the hearing it was agreed between the parties that the “entirety value” of the property ( i.e. developed to capacity as a three storey mews house with the benefit of a mansard extension but with occupation separate from 60 Eaton Place) was £1,000,000.

#### **4.0 Issues**

**4.1.** In order to reach the constituent elements of a valuation under S.9 (1 ) ( A) of the 1967 Act, namely,

- The modern ground rental value ( the “S.15 rent”)
- The existing freehold value

it is necessary to establish certain figures. The respective figures of the parties were:

	Applicants (Mr Macpherson)	Respondent (Mr Shingles)
1) Freehold VP: no potential	£693,000	£700,000
2) Freehold VP but with mansard potential	£862,500	£750,000
3) Freehold VP with mansard potential and combination uplift <sup>1</sup>	£1,162,500	N/A
4) Entirety value (3-storey)	£1,000,000	£1,000,000
5) Entirety value but with risk of pp not being obtained	N/A	£850,000
6) Entirety value but also reflecting combination uplift	£1,300,000	N/A
7) Site proportion	60%	50%
8) Enfranchisement price	£272,000	£132,000

**4.2** By way of explanation, 1) is the starting point of the valuation; 2) and 3) are elements of the existing freehold value which value has to be ascertained in order to value the reversion; 4) 5) 6) 7) relate to the entirety value as defined in para. 3.2 above, 5) and 6) relating to amendments to the entirety value and 7) being the appropriate proportion to be applied to the entirety value to reflect site value, from which is derived the S.15 ground rent.

**4.3** Amended valuations prepared by Mr Macpherson in conjunction with Mr Pope for the applicants and Mr Shingles for the respondent are attached respectively as Appendices 3 and 4 with the proposed enfranchisement prices, respectively £272,000 and £132,000, as set out above.

<sup>1</sup> Any increase in value attributable to combining the property with 60 Eaton Place

## 5.0 Hearing

5.1 The statutory basis of valuation (Appendix 1) assumes that the current lease is being extended for a further 50 years on a "modern ground rent" (as set out in S.15 of the 1967 Act) and that the property then reverts to the freeholder. The parties agreed that the standing house approach was the most appropriate method of valuation although the cleared site approach was also examined by the applicants as a check. In order to derive the S.15 modern ground rent under the standing house approach it is necessary, first, to establish what has become known as the "entirety value" of the property ie assuming the property to be in good condition and developed to its full potential and, secondly, to apply a site proportion to that value.

### *Entirety value*

5.2 Although it was agreed between the parties that the value of the property assuming it to be fully developed as a 3-storey mews house (ie enhanced to include the mansard extension) was £1,000,000, the issue was whether the £1,000,000 should stand and indeed be further enhanced by the prospect of the property being combined with 60 Eaton Place (Mr Macpherson's case - £1,300,000 - ) or whether the enhanced £1,000,000 should be discounted to reflect the risk of planning permission for a mansard extension not being obtained and with the further enhancement of the combination uplift disregarded (Mr Shingles' case - £850,000 - ).

5.3 It was put to the Tribunal on behalf of the applicants that, following the Lands Tribunal decision in *Cadogan Estates Ltd. v Hows and Hock* ((1989) 48 EG 167), if the prospect of obtaining planning permission was *realistic* rather than *fanciful*, then the subject property had to be regarded as if it already had the additional storey; there was no room for the application of any discount. For the respondent, it was put that if there was no *certainty* of obtaining planning permission it would be appropriate to discount the value of the third or mansard storey.

5.4 It was also put to the Tribunal on the part of the respondent, and refuted by the applicants, that there would be legal obstacles in the way of achieving the entirety value sought by the applicants, apart from the planning issue, in the form of restrictive user conditions, rights of way or restrictive alteration covenants.

### *Mansard extension*

5.5 Mr Macpherson, for the applicants, drew the Tribunal's attention to the number of properties in the north-eastern section of Eaton Mews North which had mansard extensions; to relevant planning policies in the City of Westminster UDP and to the planning history of properties in the section of the mews under consideration, pointing out where recent permissions had been granted. The most recent was a 1995 permission at No.7. There were, he stated, no planning refusals here for mansard extensions. He concluded that planning permission could be obtained for a mansard extension and that therefore the entirety value should include the additional floor. This was also Mr Pope's view who stated:

".....I believe planning permission may be obtained for a third floor....."

On questioning from the Tribunal however Mr Macpherson agreed that

"you could never be 100% certain of obtaining planning permission."

5.6 Mr Shingles, for the respondent, drew the Tribunal's attention to a letter he had received from Westminster City Council which appeared *prime facie* to indicate that any planning application for a mansard extension would be treated favourably. Despite the letter, he assessed the chances of planning permission being obtained at only 50% although he conceded

that it could be as high as 60%; he agreed that the planning prospect was more than "fanciful". He accordingly discounted the entirety value of £1,000,000 by £150,000 to £850,000 (being a discount of 50% of the mansard enhancement of £300,000).

### *Combination uplift*

**5.7** The case for the applicants was that on expiry of the current lease in 20.83 years' time there would be persons in the market who would pay a premium for the ability to combine the property with 60 Eaton Place when the latter's reversion fell in simultaneously. Special purchasers such as owners of neighbouring properties would not be excluded from the market. Both properties could therefore be marketed together and this potential should be factored into the valuation. That 60 Eaton Place was potentially enfranchisable at the valuation date was irrelevant because the valuation was being conducted in a "no 1967 Act world".

**5.8** Mr Pope, for the applicants, drew the Tribunal's attention to a recent transaction whereby a property in Chester Square had been presented on the market simultaneously with its adjoining mews house in Ebury Mews and offers for both had been made by a single purchaser at an enhanced value. Furthermore the offer for the mews house had been beaten by the owner of another nearby house who already owned the adjoining mews house. He concluded from this transaction:

"I.....believe that an owner of 60 Eaton Place would be prepared to pay not less than £300,000 over the accepted rate per square foot at the time to join 60 Eaton Place with the subject property. This sum coincides with the additional premium over market value concerning Ebury Mews....."

**5.9** For the respondent, it was argued that the combination uplift would not arise. All that was being offered on the market in 20.83 years' time was a 50-year lease, not a freehold. The Tribunal should not ignore that the applicants were in the process of losing 60 Eaton Place to an enfranchisement claim; the assumed situation in 20.83 years' time was too speculative; there were legal obstacles to the combination of the two properties; the comparable evidence cited by Mr Pope was an isolated case.

### *Site proportion*

**5.10** Mr Macpherson referred to a series of S.9 (1) settlements by his firm on behalf of Grosvenor and Cadogan between the years 1968 and 1999 which he said supported a site proportion (ie the site as a proportion of the entirety value) of 50% on the Grosvenor Belgravia and Cadogan Estates. Mr Macpherson asserted that recent growth in value of PCL<sup>2</sup> houses had outstripped increases in building prices. This meant that the site element of a house accounted for a bigger proportion of value and a fresh look at the historic 50% was therefore justified. He went on to support a change in the 50% figure by referring to four recent transactions which he stated supported, exclusive of the enhanced value attributable to the site combined with 60 Eaton Place, a site value of 60%. These transactions were as follows:

19/19A Wilton Row. Site sold for redevelopment. Planning permission obtained for a new house, now under construction. Based on an estimated value of the proposed development, site proportion = 55%.

28A Caroline Terrace. Site sold for redevelopment. Planning permission obtained for a new house, now under construction. Based on an estimated value of the proposed development, site proportion = 44%.

42/42A Eaton Mews North. Redevelopment site not yet the subject of planning permission but sale agreed. Based on Mr Pope's estimated value of the proposed development, site proportion = 57%.

19A Princes Gate Mews. A comparison of the sale price of the derelict property with the sale price of the rebuilt house indicated a site proportion of 70%.

**5.11** Mr Pope conceded during the hearing that the value of a completed development could only be ascertained on sale. In answer to Mr Macpherson's claim that the historic 50% site proportion should now be re-examined it was pointed out for the respondent that the 50% level had become established over a period of time which itself had seen wide fluctuations both in the London residential property market and in building prices. There was no case for altering the figure.

**5.12** Mr Shingles adopted the figure of 50% for site proportion on the basis of the wealth of evidence in Belgravia.

#### *Existing freehold value*

**5.13** Mr Pope, for the applicants, valued the existing freehold interest @ £1,162,500 to include the mansard potential - with no planning discount - (£169,500) and the combination uplift (£300,000). Mr Shingles' figure was £750,000 to include the mansard potential - with planning discount - (£50,000) but to exclude any combination uplift.

### **6.0 Decision**

**6.1** The difference between the parties on the base value of the property - £695,000 (applicants) and £700,000 (respondent - fell within the bounds of valuation tolerance. The Tribunal have adopted the figure of £700,000.

#### *Planning*

**6.2** Much evidence was given about the prospects of obtaining planning permission for a mansard extension. This has implications for two elements of the valuation:

- 1) The value of the existing freehold and the extent to which a bid for the existing 2-storey property would be enhanced by any planning potential
- 2) The entirety value whereby the property is to be valued as if developed to its full potential.

**6.3** Mr Macpherson had concluded that planning permission "could" be obtained although he modified his view at the hearing. Mr Pope also concluded that planning permission "may" be obtained and assessed the mansard potential at £169,500 or a 25% uplift on his base freehold VP price of £693,000. He had made no discount in assessing the mansard potential for planning risk, although Mr Macpherson had stated that

"you could never be 100% certain of obtaining planning permission."

Mr Shingles gave the chances of obtaining planning permission as 50%, possibly 60%, and gave an uplift of £50,000, an equivalent 7% on his base freehold VP price of £700,000.

**6.4** The Tribunal have examined the planning evidence to the extent that such evidence was given and have concluded that there is no certainty that planning permission would be obtained. In reaching this decision they have taken into account the following factors:

- The number of mansard extensions in the mews is not necessarily a guide as to whether planning permission would be forthcoming
- The policies quoted - correctly - are very general and extensively qualified
- UDP policy DES7, which would be material to any planning application here, is highly subjective. The views of one planning officer might not necessarily coincide with those of another

- Potential difficulties arising from the property adjoining a listed building, 60 Eaton Place, were in the Tribunal's view underplayed by the applicants
- The letter obtained by Mr Shingles, in the absence of a planning application, in the Tribunal's view carries little weight
- To express the kind of definite views put forward on behalf of the applicants one would normally expect both a planning application to have been submitted and an officer's recommendation for permission obtained

**6.5** It is the Tribunal's view that there will always be a risk, however small, of a planning refusal and Mr Shingles' cautious approach in allowing only a comparatively small uplift for planning potential is therefore to be preferred. We have made a slight increase on Mr Shingles' uplift and have added £90,000 (60% of the £150,000 site value of the mansard ie 60% x 50% x {£1,000,000 less £700,000 }) to reflect this planning prospect.

**6.6** Dealing now with the impact of planning potential on the entirety value, Mr Shingles discounted this by £150,000 or 15% to reflect the risk of not obtaining planning permission. His acknowledgement of a 60% chance of obtaining permission accords with the Tribunal's view. Although it was put to the Tribunal that Lands Tribunal decisions are not binding on them, it is our view that they are persuasive and that in this case we should apply the principles laid down in the *Hows and Hock* decision. However, the question then is, following that decision, whether the prospect of planning permission would constitute a "fanciful" or a "realistic" chance. It is the Tribunal's view that the chance here is more than "fanciful" and it is not necessary to determine to what degree it is "realistic". The Tribunal have concluded that it would be inappropriate to apply any planning discount to the entirety value.

**6.7** To conclude, the assessment of the chances of obtaining planning permission, or "planning risk", is required for both valuations, entirety and existing freehold. But if those chances are deemed "realistic", then only the valuation of the existing freehold need reflect that risk.

#### *Combination uplift*

**6.8** The Tribunal accept the applicants' argument that S.9 (1) of the Act allows a bid by a special purchaser to be taken into account and hence any alternative guidance provided by the RICS "Red Book", although interesting, is not strictly relevant. The Tribunal also accept that the existence of a special purchaser is not a pre-requisite for the applicants' case that there is a market for the combination of the two properties. That 60 Eaton Place was potentially enfranchisable at the valuation date, and whether the concept of the "no Act world" should nevertheless apply to this property, as claimed by the applicants, are therefore not matters which the Tribunal need to consider.

**6.9** It was stated that irrespective of the planning issues there would be Estate obstacles in the way of achieving a mansard extension or a combination of main house and mews. The evidence on inspection was that numerous building contracts were in hand and that mews properties of all shapes and sizes had been constructed, extended and altered on the Estate in recent years. This indicated that standard covenants in leases or other obstacles did not prevent a variety of alterations and improvements from taking place.

**6.10** Mr Pope, in assessing an enhanced value of £300,000 or 35% over his existing freehold with planning potential, was assuming a market, at the valuation date but deferred 20.83 years, for a combination of the two properties. Despite an active market in the sale of mews houses, he was however able to give the Tribunal one example only on the Estate of a combined sale of main and mews house, the October 2000 sale of the two freeholds at 60 Chester Square/60 Ebury Mews. While we accept the existence of such a market, with such potential limited not just to the owner of 60 Eaton Place, at the date of valuation the freehold of 60 Eaton Place is not available to the market. The valuation exercise is therefore to assess

either the likely level of a bid from the owner of 60 Eaton Place with his 20.83 years' unexpired term, albeit enfranchisable, or alternatively to value the prospect of an enhanced bid in the open market deferred to when the lease of 60 Eaton Place falls in in 20.83 years' time. Assessing both bid prospects to be somewhat more remote than Mr Pope's view, and taking into account that no more than a 50 years' lease would be offered in the case of the subject property, we have taken existing value (£700,000) with planning potential (£90,000) and added no more than 5% to give a combination uplift of £40,000.

#### *Site Proportion*

**6.11** In asking the Tribunal to take a fresh look at the historic 50% site proportion, Mr Macpherson asserted that recent growth in value of PCL houses had outstripped increases in building prices. This meant that the site element of a house now accounted for a bigger proportion of value. The Tribunal, taking into account that the graph in question had covered a period of time when the property market and indeed building prices had fluctuated widely, did not find this argument particularly telling.

**6.12** Of the four transactions quoted by Mr Pope in support of Mr Macpherson's contention, only one, 19/19A Princes Gate Mews, had an end sale price, the other three being based on estimated end values, two of the estimates being by persons who did not give evidence at the Tribunal. In all cases the projected figures on which the developer was working when he bought the respective sites were unknown. There were in the Tribunal's view too many unknown factors in these transactions from which to derive a site value for the subject property.

**6.13** In the absence of any more compelling evidence the Tribunal therefore adopted the figure of 50%.

#### **7.0 Conclusion**

**7.1** The Tribunal's valuation, determining a premium of £165,500, is attached as Appendix 5.

CHAIRMAN..... *J. Mc Grandh*

DATE..... *17. 8. 01.*



5. **BASIS OF VALUATION**

5.1 The relevant basis of valuation for this enfranchisement is to be found in the LRA 1967 Section 9(1) as amended by the Housing Act 1969 Section 82 and reproduced in LRHUDA 1993 Schedule 15. It provides for the enfranchisement price payable to be "the amount which at the relevant time the house and premises, if sold in the open market by a willing seller, (with the tenant and members

of his family who reside in the house not buying or seeking to buy), might be expected to realise on the following assumptions.

- (a) on the assumption that the vendor was selling for an estate in fee simple, subject to the tenancy, but on the assumption that this part of this Act conferred no right to acquire the freehold, and if the tenancy has not been extended under this Part of this Act, on the assumption that (subject to the landlord's rights under Section 17 below) it was to be so extended;
- (b) on the assumption that (subject to paragraph (a) above) the vendor was selling subject, in respect of rent charges to which section 11(2) below applies, to the same annual charge as the conveyance to the tenant is to be subject to, but the purchaser would otherwise be effectively exonerated until the termination of the tenancy from any liability or charge in respect of tenant's encumbrances; and
- (c) on the assumption that (subject to paragraphs (a) and (b) above) the vendor was selling with and subject to the rights and burdens with and subject to which the conveyance to the tenant is to be made, and in particular with and subject to such permanent or extended rights and burdens as are to be created in order to give effect to section 10 below."

5.2 The relevant provision for the tenancy to be extended under this part of the Act is in Section 14, and Section 15 provides for the terms of the tenancy to be granted on extension. Section 14(1) states that the extension shall be "a new tenancy of the house and premises for a term expiring 50 years after the term date of the existing tenancy", and Section 15(2) states that "as from the original term date the rent payable for the house and premises shall be a rent ascertained or to be ascertained as follows:

- (a) the rent shall be a ground rent in the sense that it shall represent the letting value of the site (without including anything for the value of buildings on the site) for the uses to which the property hereby demised have been put since the commencement of the existing tenancy, other than uses which by the terms of the new tenancy are not permitted or are permitted only with the landlord's consent;
- (b) the letting value for this purpose shall be in the first instance the letting value at the date from which the rent based on it is to commence, but as from the expiration of twenty-five years from the original term date the letting value at the expiration of those twenty-five years shall be substituted, if the landlord so requires, and a revised rent becomes payable accordingly; .....

25-yr  
rent review  
clause

1. **Circumstances of Reference**

- 1.1 Under the Leasehold Reform Act 1967 as amended (LRA 1967) notice was given of the leaseholder's claim for the freehold of 12 Eaton Mews North, "The Subject House", on 24 May 2000.
- 1.2 The claim was admitted on 7 July 2000.
- 1.3 The landlords applied on 12 October 2000 for the Leasehold Valuation Tribunal to determine the enfranchisement price payable and to determine the other terms of the transfer.
- 1.4 The Leasehold Valuation Tribunal's hearing of the case has been arranged for Tuesday and Wednesday 5 and 6 June 2001.

2. **Relevant Tenure Information**

- 2.1 The freehold and head leasehold interest in the Subject House are owned by the Trustees of the Will of the Most Noble The Second Duke of Westminster deceased and Grosvenor Estate Belgravia respectively (together called "Grosvenor"). It is agreed that they are to be treated as a single interest vested in Grosvenor.
- 2.2 There is also an intermediate lease of the Subject House and 60 Eaton Place held by Proofchance Limited. That intermediate lease is for a term expiring on 25 March 2021 at a rent of £140 per annum fixed throughout the term.
- 2.3 It is agreed with Proofchance Limited that Proofchance Limited will be compensated on the enfranchisement of the Subject House by having that rent liability reduced from £140 to £100, ie by £40 per annum. (See letter dated 7 November 2000 and 3 May 2001 at Appendix A. The reference in the former to the head lease expiry date being 24 June 2021 is incorrect.)
- 2.4 The claimant presently holds an underlease of the Subject House. That lease is dated 22 August 1996 and granted a term from 12 June 1996 until 22 March 2021, and so it had about 20.83 years unexpired at the date of the enfranchisement claim. It reserved a rent of £40 per annum fixed throughout the term.

### 3. Description of Subject House

3.1 The Subject House comprises the following accommodation.

Floor	Description	Dimensions in			
		Metres		Feet & Inches	
Ground	Entrance Hall				
	Drawing room	5.03	x	3.99	16'6" x 13'1"
	Kitchen	3.23	x	1.73	10'7" x 5'8"
	Cloakroom				
First Floor	Bedroom	5.46	x	3.46	17'11" x 11'4"
	Dressing room	2.90	x	2.13	9'6" x 7'0"
	Bedroom	3.91	x	2.11	12'10" x 6'11"
	Bathroom				

3.2 The Subject House extends to a total gross internal floor area of the order of 87.65 square metres (943 square feet).

### 4. Location of Subject House

4.1 The Subject House is situated on the north-west frontage of Eaton Mews North which is a cul-de-sac parallel with and between Eaton Place to the north and Eaton Square to the south. It adjoins a larger house to the north at 60 Eaton Place, which is presently subdivided into flats.

4.2 This is a central location within Belgravia, which is a well-known high class residential area of well-maintained character in Central London.

4.3 Eaton Mews North is within the Belgravia Conservation Area.

### 5. Valuation

5.1 It is agreed between the parties that

- (a) the valuation to the enfranchisement is under LRA Section 9(1),
- (b) the valuation date is 24 May 2000,

- (c) any loss of rental income to Grosvenor consequential upon the enfranchisement is to be capitalised at 6%,
- (d) the value of Grosvenor's reversion is to be deferred at 6%,
- (e) the Subject House has potential for extension by the construction of an additional (second) floor subject to the availability of planning permission.
- (f) It is estimated that, if the additional (second) floor were to be constructed, the gross internal floor area of the Subject House would be 122 sq m (1,315 sq ft).
- (g) The intermediate leaseholder, Proofchance Limited, will suffer no loss on the enfranchisement of the Subject House, since Proofchance's rent liability to Grosvenor will be reduced by £40 per annum, which is the amount of Proofchance's rental income from the claimant, both fixed throughout the remainder of the intermediate lease and claimant's lease term unexpired, and Proofchance's 3 day reversion to the claimant's underlease is of no value. Therefore, no part of the enfranchisement price is payable to Proofchance.

Justin Shingles for the claimant

*Justin Shingles* 14/5/01

Ian Macpherson )

) for  
) Grosvenor

*Ian Macpherson* 14/5/01

George Pope )

*George Pope* 15/5/01

14 May 2001

(JJAD/IMY DOCS/NEW PROOFS/12 EATON MEWS NORTH/STATEMENT)

**THE GROSVENOR ESTATE**  
**LEASEHOLD REFORM ACT 1967 AS AMENDED**  
Section 9(1)

**12 Eaton Mews North, London, SW1**  
**Valuation by Ian Macpherson MA FRICS**

<u>Valuation of existing term</u>				£	£
For remainder of term-					
Rent receivable pa				40	
Years purchase for	20.83	years @	6.0%	11.72	
					469
 <u>Value of extended term</u>					
Entirety Value (for freehold in possession) as advised by Mr Pope for occupation separate from 60 Eaton Place					
				1,000,000	
Site proportion @		60%		600,000	
For occupation with 60 Eaton Place				1,300,000	
Less valued above				1,000,000	
Additional value				300,000	
Site proportion @			100%	300,000	
( Maximum Entirety Value <u>£1,300,000 @ 69%</u> )				900,000	
Modern ground rent @			6%	54,000	
Years purchase	50	years @	6%	15.762	
Defer	20.83	years @	6%	0.297	
				4.681	
					252,774
 Valuation of Reversion					
Reversion to Value of freehold with vacant possession as advised by Mr Pope					
				<del>1,162,500</del>	
Defer	70.83	years @	6%	0.0161	
					18,716
Enfranchisement price					271,959
					<b>SAY</b>
					<b>272,000</b>

5-Jun-01

**Gerald Eve**  
Chartered Surveyors

*Handwritten notes:*

... value with ...

... is a ...

LON/LVT/1321/00

Appendix 4

**12 Eaton Mews North**

VALUATION UNDER S.9(1) LRA 1967

**Term**

Rent	£40				
YP	20.83 years	@	6%	11.714	£469

**Reversion to S.15 rent**

Entirety value	£850,000				
Amount attributable to site	50%				
Site value	£425,000				
Yield on letting	6%				
S.15 modern ground rent	£25,500				
Years purchase	50 years	@	6%	15.7619	
deferred	20.83 years	@	6%	0.2972	
				4.68373	£119,435

**Reversion to perpetuity**

Current open market value of house as an unencumbered freehold deferred	£750,000				
	70.83 years	@	6%	0.01613	£12,101
					<u>£132,005</u>

TOTAL

SAY £132,000



# The Tribunal's valuation

Appendix 5

## 12 Eaton Mews North, London SW1

Date of valuation	24-May-00	
Expiry of lease	25-Mar-21	
Term unexpired	20.835	
Present Ground Rent	£40	
Yield for terms	6%	
Yield for reversion	6%	
YP for unexpired term	11.72	
YP for 50 years deferred 20.835 years	4.681	
PV in 70.835 years	0.0161	
Entirety Value ignoring 60 Eaton Place	£1,000,000	(700K plus £300K for 2nd floor)
Site proportion	50%	
Site Value ignoring 60 Eaton Place	£500,000	
Marriage enhancement with 60 Eaton Place	£40,000	(5% of market value - rounded)
Site Value incl combination uplift	£540,000	
Modern Ground Rent		<u>£32,400</u>
Current basic VP Value of Freehold	£700,000	
Hope Value (additional floor)	£90,000	(60% X 50% of £300K )
Marriage enhancement with 60 Eaton Place	£40,000	
Total Current VP Value of Freehold		<u>£830,000</u>

### Calculation

Current rent		£40	
YP	20.835 years 6%	<u>11.72</u>	
			£469
Modern Ground Rent		£32,400	
YP 50 years deferred	20.835 years 6%	<u>4.681</u>	
			£151,664
VP Value of Freehold		£830,000	
PV in 70.835 years		<u>0.0161</u>	
			<u>£13,363</u>
			£165,496
<b>Enfranchisement Price</b>		<b>Say</b>	<b><u>£165,500</u></b>