



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case reference : LON/00BJ/OLR/2015/0303

Property : 64 Aslett Street, London SW18 2BH

Applicant : Mohammed Maroof Malik

Representative : TWM Solicitors LLP

Respondent : The Personal Representatives of
Florence Amy Toch

Representative : None

Type of application : Section 50(1) of the Leasehold
Reform, Housing and Urban
Development Act 1993

Tribunal members : Judge Timothy Powell
Ian Holdsworth FRICS

**Date of determination
and venue** : 18 March 2015 at
10 Alfred Place, London WC1E 7LR

Date of decision : 31 March 2015

DECISION

Background

1. The applicant, Mohammed Maroof Malik, is the long leaseholder of the ground floor maisonette at 64 Aslett Street, London SW18 2BH ("the premises"). Mr Malik wished to extend his lease under the Leasehold Reform, Housing and Urban Development Act 1993, but it appears that the freeholder, Florence Amy Toch, has died and that her freehold

interest in the building of which the premises form part has not devolved on anyone else.

2. By an order dated 7 November 2014, District Judge Mauger, sitting at Wandsworth County Court, granted Mr Malik a new lease of the premises pursuant to section 50(1) of the 1993 Act, on such terms as may be determined by the Property Chamber, First-tier Tribunal to be appropriate. The county court order provides that once Mr Malik has paid into court all appropriate sums for the new lease “as determined by the Tribunal” a District Judge will execute a new lease of the premises in his favour, in the form approved by the Tribunal.
3. The premises comprise a purpose-built ground floor flat, which forms part of a terraced building dating from the latter half of the 19th century, accommodating two flats. Mr Malik holds a lease for 99 years from 24 June 1977 at an initial ground rent for the first 33 years of £15 per annum, rising to £30 per annum for the next 33 years and then to £45 per annum for the remainder of the term. The applicant’s solicitors have provided a bundle of relevant documents for the Tribunal to determine the relevant issues on the papers, without a hearing. The Tribunal has seen the terms of the proposal extended lease and determines that they are satisfactory, subject to the insertion of the premium determined by the Tribunal, the words “on behalf of the Landlord” after “Signed as a deed by DISTRICT JUDGE [NAME]” and the date of the court order, being 7 November 2014.
4. In relation to the premium to be paid, the applicant relies upon the expert opinion of Mr Tom Hobman BA, PGDipSurv of Andrew Pridell Associates Ltd, chartered surveyors and valuers. His report is dated 9 January 2015 and concludes that the premium payable should be £36,839.
5. The Tribunal accepts Mr Hobman’s general assessment, save for the following points:
 - (i) Mr Hobman adopts a valuation date of 7 November 2014, stating that there is unexpired term of 62.5 years. However, the correct valuation date is the date of the issue proceedings in the county court, being 9 December 2013: see section 51(1) of the 1993 Act. However despite adopting an incorrect valuation date, the unexpired lease term is little changed at 62.58 years;
 - (ii) Although the ground rent is currently not collected, the potential revenue has a value either to an investor or any successor in title. For this reason, the covenanted ground rent payments are reflected in the freeholder’s present interest value when calculating the premium payable for the lease extension;

- (iii) Notwithstanding the difference in the valuation dates, in the Tribunal's expert opinion the value of the premises is not likely to have changed significantly in the intervening period. The Tribunal is therefore content to accept Mr Hobman's opinion that the value of the long unimproved leasehold interest is £430,000;
- (iv) Mr Hobman's valuation does not offer a notional freehold value. This is necessary to calculate relativity, as relativity is defined¹ as:

“the value of a dwelling held on an existing lease at any given unexpired term divided by the value of the same dwelling in possession to the freeholder, expressed as a percentage.

In considering ‘no-Act world’ relativity the following assumptions should be made in respect of the existing lease:

- *The rights under the leasehold reform Acts do not apply to the dwelling;*
- *A non-onerous ground rent; and,*
- *No onerous lease terms and no defects in title.”*

The Tribunal has determined a 1% increase on long leasehold value in accordance with standard custom and practice. This produces a notional freehold value of £434,343;

- (v) Mr Hobman adopts a relativity figure of 87.65% based on an unexpired term of 62.5 years. A slightly longer unexpired term will of course give a different relativity figure;
- (vi) In calculating relativity, Mr Hobman has relied exclusively on the Andrew Pridell Associates graph of relativity, which appears at Appendix V of his report, and which is of course but one of the graphs of relativity in Section 2 of the RICS research report published in October 2009. The Tribunal takes the view that it would be better to take a basket of relativity graphs and average them out, rather than rely on just one graph. In the present case, for a property in the Greater London area, the Tribunal prefers to take an average of the following four graphs of relativity (all from Section 2 of the RICS report): South East Leasehold, Nesbitt and Co, Austin Gray and Andrew Pridell Associates Ltd. These graphs are appropriate, since all of them include properties in Outer or Greater London and/or the south east of England. The Beckett and Kay graph of relativity is,

¹ RICS Research Paper: Leasehold Reform Graphs of Relativity 2009

however, not appropriate, since it comprises purely of opinion data. Taking the four graphs of relativity, the average is 87.77%;

- (vii) All other valuation parameters submitted by Mr Hobman in his expert valuation are accepted by the Tribunal.
6. The Tribunal's calculation of premium payable is set out in the Appendix to this decision. In the circumstances, the Tribunal determines the amount of the premium is **£37,030**.



Name: Judge Timothy Powell

Date: 31 March 2015

Attached Appendix: Valuation setting out the Tribunal's calculations

FTT Reference: GM/LON/OOBJ/OLR/2015/0303

Lease and Valuation Data

Lease Term:	99 years from 24th June 1977
Lease Expiry date:	June 23, 2076
Date of Valuation	December 9th 2013
Unexpired term as at valuation date:	62.58 years
Rent receivable by landlord:	
Payable from 09/12/2013 for 29.6 years	£ 30
Payable from 03/06/2022 for 33 years	£ 45
Values	
Notional Freehold Value	£ 434,343
Long Leasehold value	£ 430,000
LHVP	£ 381,229 Relativity 87.77%

Capitalisation rate	7.00%
Deferment rate	8.00%

Value of Freeholders present interest

Term 1			
Rent passing	£ 30		
Present Value at 7% for 29.56 years	12.35233	£ 371	
Term 2			
Rent passing	£ 45		
Present value at 7% for 33 yeras	12.753790		
Deferred 29.56 years at 7%	0.135337	£ 78	
Total term value		£ 448	
Reversion			
Freehold in vacant possession	£ 434,343		
Deferred 62.58 years @ 5%	0.0472	£ 20,503	£ 20,503
Total present value		£ 20,951	
Value of Freeholders future interest			
Freehold in vacant possession	£ 434,343		
Reversion to capital value	0.00058	£ 254	£ 254
Pv of £1 in 152.5 years @ 5%			

Diminution in interest	Total	£ 20,697
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Calculation of Marriage Value

Value of Landlords freehold interest	£ 434,343		
Landlords proposed interest	£ 254	£ 434,089	
Less			
Value of Leaseholders existing interest	£ 381,229		
Value of Freeholders current interest	£ 20,697	£ 401,926	
marriage value	Total	£ 32,872	

Division of Marriage Value equally between			
Freeholder		£ 16,336	
Leaseholder	£ 16,336		

Price payable to Freeholder

Value of freeholders current interest	£ 20,697
Plus share of marriage value	£ 16,336

Total	£ 37,033
Say	£ 37,030

Final

Checked