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FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	:	LON/00AG/OLR/2015/0518 & 1054
Property	:	Flats 11 and 27, 95 Avenue Road, London NW8 6HY
Applicant	:	(1) Nathanael Nabil Bouris; and (2) Materials & Property Management Services Ltd
Representative	:	Mr Sumit Gupta B.Com MBA Assoc RICS
Respondent	:	(1) Charles George Samuel Eyre, James Robert Henry Eyre, Peter Lomas and Hugh John Lomas (as Trustees of the Eyre Estate); and (2) Rohit Narotamdas Khajuna and Hansa Mistry
Representative	:	Mr Michael Buckpitt of counsel, instructed by Pemberton Greenish solicitors, with Mr John Martin BSc MRICS
Type of application	:	Section 48 of the Leasehold Reform, Housing and Urban Development Act 1993
Tribunal members	:	Judge Timothy Powell Mr Pat Casey MRICS
Date of determination and venue	:	28 July 2015 at 10 Alfred Place, London WC1E 7LR
Date of decision	:	4 September 2015

DECISION

Summary of the tribunal's decisions

(1) The appropriate premium payable for the new lease of Flat 11 is **£225,090**; and

(2) The appropriate premium payable for the new lease of Flat 27 is **£251,450**.

Background

1. These are applications made by the applicant leaseholders pursuant to section 48 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") for a determination of the premiums to be paid for the grant of a new lease of Flat 11 and Flat 27, 95 Avenue Road, London NW8 6HY (referred to in this decision as "Flat 11" and "Flat 27").

2. The first applicant is the leaseholder of Flat 11 and the second applicant is the leaseholder of Flat 27. Although the applicants are different, they are linked and the parties requested and agreed that the two applications should be dealt with together. For the sake of simplicity, no distinction is made in this decision between the first and second applicants: they are both referred to simply as "the applicant".

Flat 11

3. By a notice of a claim dated 22 July 2014, served pursuant to section 42 of the Act, the applicant's predecessor in title exercised their right for the grant of a new lease in respect of the Flat 11. At the time, the applicant's predecessor in title held the existing lease granted on 9 January 1961 for the term of 99 years (less 10 days) from 25 March 1959 at an annual ground rent of £100. The applicant's predecessor proposed to pay a premium of £106,074 for the new lease, plus £1,658 payable to the head lessees.

4. On 25 September 2014, the first respondent freeholders served a counter-notice admitting the validity of the claim and counter-proposed a premium of £283,000 for the grant of a new lease to Flat 11, out of which £1,195 would be payable to the head lessees, the second respondents.

Flat 27

5. By a notice of a claim dated 5 December 2014, served pursuant to section 42 of the Act, the applicant's predecessor in title exercised her right for the grant of a new lease in respect of the Flat 27. At the time, the applicant's predecessor in title held the existing lease granted on 3 May 1961 for the term of 99 years (less 10 days) from 25 March 1959 at

an annual ground rent of £100. The applicant's predecessor proposed to pay a premium of £110,920 for the new lease, plus £1,695 payable to the head lessees.

6. On 27 January 2015, the respondent freeholders served a counter-notice admitting the validity of the claim and counter-proposed a premium of £315,000 for the grant of a new lease to flat 27, out of which £1,192 would be payable to the head lessees.

7. On 9 March 2015 (Flat 11) and 28 May 2015 (Flat 27), the applicants (as successor in title to the respective leaseholders who had served the notices of claim) applied to the tribunal for a determination of the premiums payable for the two new leases. As mentioned, the two applications were joined and heard together.

The issues

Matters agreed

8. The following matters were agreed in respect of Flat 11:
   (a) The gross internal floor area is 947 sq ft;
   (b) The valuation date: 23 July 2014;
   (c) Unexpired term of the head lease is 43.67 years;
   (d) Unexpired term of the under lease is 43.64 years;
   (e) Ground rent: £100 throughout the term;
   (f) Long leasehold (unimproved) value: 99% of the freehold (unimproved) value;
   (g) Capitalisation of ground rent: 7% per annum, with an additional 2.25% annual sinking fund. The diminution in value of the head lessees' interest is £1,195 (plus an appropriate share of the marriage value determined).

9. The following matters were agreed in respect of Flat 27:
   (h) The gross internal floor area is 947 sq ft;
   (i) The valuation date: 10 December 2014;
   (j) Unexpired term of the head lease is 43.29 years;
   (k) Unexpired term of the under lease is 43.26 years;
   (l) Ground rent: £100 throughout the term;
   (m) Long leasehold (unimproved) value: 99% of the freehold (unimproved) value;
   (n) Capitalisation of ground rent: 7% per annum, with an additional 2.25% annual sinking fund. The diminution in value of the head

lessees' interest is £1,192 (plus an appropriate share of the marriage value determined).

Matters not agreed

10. The following matters were not agreed, in respect of each of Flat 11 and Flat 27:

    (a) The unimproved notional freehold capital value;

    (b) The unimproved existing lease value and hence the relativity; and

    (c) The premium payable.

The hearing

11. The hearing in this matter took place on 28 July 2015. The applicant was represented by Mr Sumit Gupta Assoc RICS and the respondents by Mr Michael Buckpitt of counsel and Mr John Martin MRICS.

12. The applicant relied upon the expert reports and valuations of Mr Sumit Gupta, both dated 24 July 2015, and the respondents relied upon the expert reports and valuations of Mr John Martin, both also dated 24 July 2015.

The inspection

13. Having heard evidence and submissions of the parties, the tribunal arranged to inspect the building at 95 Avenue Road on the following day, 29 July 2015, together with an internal inspection of flat 27; both in the presence of the first applicant, Mr Bouris, and his surveyor, Mr Gupta, and the respondent's surveyor, Mr Martin.

14. 95 Avenue Road is purpose-built 1960s block located south of Swiss Cottage underground station at the junction of Avenue Road with St John's Wood Park Road. The building is arranged over nine floors and it comprises some 28 flats, all of which are serviced by a lift. Additionally, there is a resident porter.

15. Flat 11 is situated on the second floor of the block. This flat was not inspected internally but the parties agreed it comprises two double bedrooms, reception, kitchen and bathroom. There is also a small balcony accessed from the reception room.

16. Flat 27 is situated on the sixth floor and was inspected by the tribunal. It has benefitted from a recent conversion into a high class three-bedroom flat but in its original condition, as agreed by the parties, it comprised two double bedrooms, reception, kitchen and bathroom. At the time of the surveyors' statement of agreements, the west-facing

windows and opening to the small balcony of the reception room had been blocked by a built-in book case and shelving unit. From viewing the exterior of the building, it can be seen that the windows and balcony remain in situ.

17. Photographs of both flats in their original, unmodernised condition were provided to the tribunal.

18. The building benefits from a drive, garden and some 13 covered garages. Some work will be needed in the foreseeable future to update external decorations, particularly of the paint work on the wooden balconies, which is peeling in places.

<u>The freehold, extended and existing leasehold values of the subject flats</u>

19. It order to arrive at the premium payable for each new lease, it is necessary to determine the freehold, extended and existing leasehold values of the subject flats, as at their respective valuation dates.

20. In order to do this, both parties relied upon comparable evidence in the form of sales of similar flats in the vicinity, with appropriate adjustments. As there had been numerous sales of flats within 95 Avenue Road itself, both experts relied upon those market transactions in support of their valuation figures. The comparables were the same for both Flats 11 and 27, though the adjustments varied slightly for each due to the difference in valuation dates. Both experts relied upon the short leasehold sales of flats 5, 11 and 27 and the long leasehold sales of flats 6 and 9. In addition, Mr Gupta relied upon the long leasehold sale of flat 20.

<u>Short leasehold sales</u>

<u>Flat 11 (one of the subject flats)</u>

21. This two bedroom, second floor flat sold in August 2014 for £879,999 with an unexpired term of 43.58 years. Mr Gupta's approach was to allow a 7.5% discount for the "no-Act world", which gave him a short leasehold adjusted value of £814,000 and, with an agreed gross internal area (GIA) of 947 sq ft, an effective rate of £860 per sq ft.

22. Mr Martin's approach was to allow a discount of 15% for "Act-rights" and the benefit of the valid notice. While this would have reduced the short leasehold adjusted value to £748,000, Mr Martin settled for an existing lease value of £771,800. He arrived at this figure by first calculating what he considered to be the freehold vacant possession value of £1,135,000 and then applying a relativity figure of 68%,

derived from an updated version of the Clutton's graph of relativity (which had been first published in October 2009 by the RICS).

Flat 5

23. This two bedroom (first floor) flat sold in August 2014 for £730,000 with an unexpired term of 43.60 years, having a GIA of 740 sq ft, (as agreed by the parties in the hearing). Mr Gupta allowed a 7.5% discount for the "no-Act world", giving him a short leasehold adjusted value of £675,250 and an effective rate of £896 per sq ft.

24. Mr Martin having made adjustments for floor level and condition and a 15% deduction for "Act-rights" arrived at an adjusted short leasehold value of £721,518.

Flat 27 (one of the subject flats)

25. This two bedroom, sixth floor flat was sold in November 2014 (but with completion apparently taking place in March 2015) for £850,000, with an unexpired term of 42.99 years. Mr Gupta said that the property needed £40,000 to £50,000 to be spent on it to make it lease-compliant and, again, he allowed a 7.5% discount for the "no-Act world", as a result of which he arrived at an adjusted short leasehold value giving an effective rate of £896 per sq ft.

26. Mr Martin adjusted the sale price for time (completion taking place nearly 8 months after the valuation date) and he made a downward adjustment of 4% to reflect its superior position on the sixth floor (as opposed to the second floor for Flat 11). Together with a 15% deduction for "Act-rights" and the benefit of a valid notice, he arrived at a short leasehold value of £709,138.

Long leasehold sales

Flat 7

27. This is a three bedroom, first floor flat sold in July 2013 for £1,200,000, with an unexpired term 135 years. The sale completed over a year before the valuation date of the subject flats. Both experts agreed that a 15% discount should be allowed against this price for the flat's excellent condition and layout. Mr Gupta made no adjustment for time but simply relied on an adjusted long leasehold value of £1,020,000, giving an effective rate of £1,077 per sq ft.

28. Mr Martin, however, applied an adjustment for time to give an adjusted long leasehold value £1,367,468, to which he made an upward adjustment of 1% to reflect floor level.

Flat 9

29. This two bedroom, first floor flat sold in May 2015 with an unexpired term of 133 years. Assuming that flat 9 had a GIA of 753 sq ft, Mr Gupta arrived at a long leasehold value of £1,075 per sq ft. However, having heard evidence from Mr Martin, Mr Gupta accepted that the correct GIA for this flat was 740 sq ft.

30. Mr Martin noted that that the sale completed some 10 months after the valuation date of Flat 11 and, as such, an adjustment for time is necessary, as a result of which he arrived at an adjusted long leasehold value £880,000, with an upward adjustment of 1% for lease length.

Flat 20

31. This was a three bedroom, fourth floor flat sold in June 2013 for £975,000, with an unexpired term of 133 years and a GIA (accepted by Mr Gupta in the hearing) of 1,057 sq ft.

Summary of the valuers' respective approaches

32. With regard to the value of the existing leases of Flats 11 and 27, Mr Gupta considered that an effective rate of £878 per sq ft was applicable, being an average of the effective rates that he had calculated for the three short leasehold sales. In his opinion, this gave a short lease value for Flat 11 of £831,466 (947 sq ft x £878). Utilising the same effective rates for Flat 27 but allowing a 1% downward adjustment from £870 per sq ft, this gave him an existing short lease value for Flat 27 of £823,890 (940 sq ft x £870).

33. In order to achieve a long leasehold value, Mr Gupta took an average effective rate of £1,075 per sq ft derived from his three long leasehold comparables. Although the GIA two of those comparables were varied during the hearing from the figures in Mr Gupta's report, nevertheless, his analysis gave a long leasehold value of £1,018,025 for each flat and, thus, a freehold value of approximately £1,028,308 (being a 1% upward adjustment on the long leasehold value).

34. Mr Martin's approach to calculating the freehold value was to calculate the effective rates per square foot for each of the short lease and long lease sales, after making any adjustments for condition, floor level and time, which resulted, in his opinion, in much higher average rates per sq ft for both short lease and long lease sales than those derived by Mr Gupta. Taking a price of £1,200 per sq ft for Flat 11 and £1,230 per sq ft for Flat 27, multiplying each by the GIA of 947 sq ft equated to a freehold vacant possession value of about £1,135,000 and £1,165,000 for Flats 11 and 27, respectively (the extended leasehold values being 99% of those figures).

35. As between the valuers, the main "battle grounds" included: which of the sales transactions analysed should be regarded as the best comparable to be relied upon by tribunal; what adjustments, if any, should be made for time, condition or floor; what should be the percentage deduction to reflect all the benefits of the 1993 Act and whether that should include a benefit arising from the service of a notice of claim; and, in so far as there should be a reliance upon graphs of relativity, which would be the appropriate graph(s)?

The tribunal's determinations and reasons

Extended Lease Value – Flat 11

36. With a relatively small pool of comparable sales' evidence and no agreement between the valuers as to which are most helpful and what adjustments to the raw sales data need to be made, we have had regard to all six of the sales referred to in evidence. Given that Mr Martin had personally inspected and measured those comparables, where the floor areas used by the two valuers in their analysis of the sale prices is disputed, we adopt his areas as being correct.

37. Despite two of the three transactions he relies on having occurred a year or more before the valuation date and the other 9 months after, Mr Gupta makes no adjustment to the sale prices to reflect the passage of time as, in his opinion, the market in this block was fairly level over the whole of this time frame, as shown by flats in the block taking a long time to sell in this period; but the only evidence he offered in support was the marketing of Flat 9, which took from September 2014 to May 2015 to sell, and another flat which had been marketed since May 2015 and had not sold. When invited by Mr Buckpitt, he could not give any other examples and accepted that, normally, he would have adjusted for time, in much the same way as Mr Martin had. When the sale of Flat 9 in March 2012 for £705,000 was put to him, suggesting growth in the block had followed the general trend for the locality, he seemed unaware of it and his suggestion that improvements had been made between the two sale dates was not borne out by photographs in the two sets of particulars.

38. We much prefer Mr Martin's approach of averaging the relevant index of price movement published by Savills and similar data published by the Land Registry for the reasons he sets out in his report because, on the evidence before us, we are satisfied that there was a significant increase in values over the year prior to the valuation date. Mr Martin does however accept that post-July 2014 the market was relatively flat, which he ascribes largely to the then upcoming general election.

39. We also accept Mr Martin's use of the three existing lease sales in the block as evidence of the extended lease value by adjusting for lease length using the Savills 2002 graph of relativities, which shows a

relativity between enfranchiseable leases of various unexpired terms and the freehold value. It is based apparently on transactions taking place in the real world, where rights under the Act are reflected in the prices paid for unextended leases.

40. Mr Martin adjusts the sale prices of the comparables for floor level; Mr Gupta does not, but admitted when questioned that he would make a ½% difference, as opposed to Mr Martin's 1%; the higher levels in the block being the more valuable. We have inspected Flat 27 on the sixth floor and there are clear benefits from the higher level situation and we therefore accept Mr Martin's scheme of adjustment.

41. The other adjustment made by the valuers relates to the condition of the comparable properties, some being much better than the unimproved condition broadly to be assumed for the purposes of a valuation under the Act. Flat 7 was in very good condition and they differ little in the quantum of adjustment, but we take Mr Martin's £200 per sq ft as more generous to the applicant than Mr Gupta's 15% of the sale price, and also his £100 adjustment on Flat 5, where Mr Gupta makes none.

42. Again, both agree that Flats 11 and 27 were in poor condition, the latter probably not lease-compliant, and they make adjustments to reflect in the second instance. However, this makes little sense to us. The applicant bought both flats with the intention, now carried out, of stripping them out completely and refitting them in a revised configuration as three bedroom flats. Why would he pay more for slightly better decorations, fixtures and fittings etc, when he intended to get rid of all that was there? We make no adjustment in analysing this sale as evidence of extended lease value. The analysis of Flat 27 then shows £1,104 per sq ft.

43. According to Mr Martin, Flat 20 was unimproved when he dealt with the lease extension claim. He had not relied on it because it was a different style, a larger flat in a different "stack" in the building. The third bedroom was small and there was not the potential for conversion that there was with the two bed flats. He did not think buyers would pay the same price per sq ft for the extra floor area, because of the layout; and the sale was earlier. If he had referred to it, he would have made other adjustments, but did not say what. It seems to us, however, that an existing three bed flat would be in the same market as two bed flats of a slightly smaller floor area bought for conversion to three beds. Nothing was said of the possibility of reconfiguration and the sale was only a month before Flat 7, Mr Martin's "best comparable". The only adjustments needed seem to be for the passage of time and the fourth floor location. Thus, the June 2013 sale price of £975,000 would be adjusted by 14.97% to £1,120,958 for time and reduced by 2% for floor level to £1,098,980. The floor area given by Mr Martin is 1,057 sq ft, which, after lease length adjustment, gives £1,050 per sq ft.

44. The resulting average per sq ft of the three long lease sales, flats 7, 9 and 20 is then £1,142, whilst the three existing lease sales, flats 5, 11 and 27, adjusted for lease length, show £1,162. Mr Martin placed most reliance on Flat 7 but, given the quite large time adjustment and the significant differences between the two indices used, we do not think we can give it greater weight than any of the rest of the evidence.

45. Whilst the applicant bought both Flats 11 and 27, paying less for the latter than the former, we do not believe, for the reasons given, that this was down to condition. Mr Martin's average of the indices shows a decline in value between the two dates and Flat 11 was bought after sealed bids were submitted, with the buyer possibly paying too much.

46. In our opinion the evidence suggests a unit price of no more than £1,150 per sq ft for a flat at second floor level, if we have understood Mr Martin's scheme. The resultant valuations are £1,089,050 for the freehold interest and £1,078,160 for the extended leasehold interest (relativity 99%).

Extended Lease Value – Flat 27

47. The valuers used the same evidence as they did for Flat 11, but, with a valuation a date of 10 December 2014, time adjustments vary slightly. Both, however, suggest a flat market between the two valuation dates, which the evidence tends to support, and, despite the lower price paid by the applicant for Flat 27, which we have addressed, there seems little good reason not to adopt the same starting point unit price for Flat 27 as for Flat 11, especially as Mr Gupta values them the same and Mr Martin is only £30,000 higher on Flat 27, which is less than his floor level adjustment would suggest. With that adjustment at 4% we adopt a freehold value of £1,196 sq ft for Flat 27 and an extended lease value based on a rate of £1,184. Our valuations are then £1,132,600 and £1,121,274.

Existing Lease Value – Flat 11

48. Mr Gupta analysed the three existing lease sales in the block and then deducted 7½% to reflect the effect of rights under the Act on values, to arrive at his opinion of what the existing lease would have been worth in a world where the Act had not been passed and long leaseholders had no right to demand a lease extension from their landlord on the terms set out in the Act. The only support he offered for his opinion came from a decision of the then Lands Tribunal in a consolidated appeal against various Leasehold Valuation Tribunal decisions, *Nailrile Limited v Earl Cadogan, William Hallman and Nancy Hallman & various others* (LRA/114/2006), where that figure had received some support for leases with a similar unexpired term. When cross examined he conceded that he would revise his adjustment to 8½% but would not

accept a further adjustment for the benefit of a notice of claim having been served prior to sale.

49. Whilst Mr Gupta had included a copy of a document showing several relativity graphs in his report, he had not relied on this as there was good sales evidence. Recasting his existing lease valuation using an 8½% deduction for Act rights would produce a figure of £822,477, giving a relativity of some 80% - higher than any graph on his exhibit. Decisions of the Upper Tribunal (formerly the Lands Tribunal) such as *Nailrile* are decided on the facts and evidence heard and have little, if any, evidential weight in considering other cases.

50. For his part, Mr Martin considers both graphs and the sales evidence. His valuation of the existing lease in the "no-Act world" is based on a 68% relativity to freehold value, drawn from his firm's own relativity graph, which is entirely based on settlement evidence. In recent years, such settlement evidence and graphs derived from it have come under increasing criticism in the Upper Tribunal for a variety of reasons, which practitioners in the field will be familiar with and which we do not propose to rehearse here. The evidential weight to be given to such graphs is clearly limited. In any event, Cluttons' own analysis of the settlements they reached, which underlie the graph, show a range of relativities for unexpired terms of between 43 and 44 years unexpired of 65% and 73.99%, with the two closest in unexpired term to the subject property at 69.40% and 69.30%.

51. Mr Martin also quotes the Gerald Eve/John D Wood 1996 graph as supportive of his own firm's. This is perhaps the least-criticized graph, possibly because in part it reflects the evidence of sales of unenfranchiseable leases and transactions pre-Act. It however suggests a relativity on 43.67 years unexpired of just under 69%.

52. In his consideration of the sales evidence, Mr Martin has followed the approach adopted by the Upper Tribunal in *Earl Cadogan & another v Cadogan Square Limited (38 Cadogan Square)* [2011] UKUT 154 (LC), LRA/128/2007 & LRA/17/2008, of looking at the difference between the Savills Enfranchiseable graph and the Gerald Eve "no-Act world" graph for the same unexpired term, which the Upper Tribunal said was a broad indication of the value of Act rights. In the present case, this shows for this unexpired term a figure of about 11.3%. This approach does, however, take for granted the accuracy of the Gerald Eve graph.

53. Mr Martin then argues that a further allowance of 5% should be made to reflect the benefit of a notice of claim having been served, with all that entails, though he rounds his total deduction for Act-rights down to 15%. The only problem with this additional deduction is that it was not adopted by the Upper Tribunal in its decision in *38 Cadogan Square* (leases 17.75 years unexpired - deduction for Act rights, 25%), nor in the other Upper Tribunal case relied upon by Mr Martin,

Voyazidies v Trustees of the Eyre Estate (60 Avenue Road) [2013] UKUT 013 (LC), LRA/51/2011, where with 19.16 years unexpired a deduction of 25% was made.

54. We were not told the basis on which the Savills Enfranchiseable leases graph was constructed, but it presumably is by reference to actual sales in the real world. As, Mr Martin tells us, most existing leases are sold with the benefit of a notice of claim, the value of this must in large part be reflected already in the graph. However, unlike *Nailrile*, a decision on its own facts, and others, the approach of the Upper Tribunal to the value of the Act-rights using the difference in the two graphs is helpful. It suggests Mr Gupta is too low and Mr Martin too high in the deductions they have made for Act-rights.

55. In our view, for leases of some 43 years unexpired an adjustment of 10% is about right. Mr Martin's adjusted sale prices of Flats 5, 11 and 27, omitting the lease length adjustment and the condition uplift on Flat 27, show £895, £929 and £850 per sq ft. Deducting 10% for Act rights leaves £806, £836 and £765 which, on a freehold unit price of £1,150, shows relativities of 70%, 72.7% and 66.5%, or an average of 69.7%. This average figure is slightly higher than the graphs suggest but greater weight should be given to the sales evidence; and so, doing "the best we can" with all the evidence, we adopt a relativity of 69.5% of the freehold value for the existing lease of Flat 11. Our valuation of the existing leasehold interest is thus £756,900.

Existing Lease Value – Flat 27

56. The unexpired lease term in the case of Flat 27 is 43.26 years. Both valuers adopt much the same approach as they did for Flat 11, with Mr Gupta reducing his unit price from £878 to £870, valuing this interest at some £7,500 less that Flat 11 purely for the reduced lease length. Mr Martin's comparable figure is some £12,400 (relativity reduced from 68% to 67.8%). We follow Mr Martin's approach and reduce our relativity to 69.3% to give a figure of £784,900, but this of course would represent the value of an unmodernised but lease-compliant flat, which it is agreed on all sides Flat 27 was not at the valuation date.

57. With no right to a lease extension and the ever-present threat of action being taken for breach of covenant, no purchaser would ignore the uninhabitable condition of the flat. It is not even clear if a purchaser such as the applicant would be interested in such a flat as a "buy to let" investment in the "no-Act world" given the large capital outlay required for refurbishment/ reconfiguration and the uncertainty over whether, when and at what price it might be possible to voluntarily agree a lease extension. Mr Gupta speaks of £40,000 to £50,000 needing to be spent; Mr Martin makes a minimum allowance of £30,000. We adopt the lower figure, which reduces the value of the existing leasehold interest to £754,900.

The premiums payable

58. The Tribunal therefore determines that the resulting premium for Flat 11 is £225,090 and for Flat 27, £251,450, as shown on our attached valuations.

Name: Judge Timothy Powell **Date:** **4 September 2015**

Appendix: Valuations setting out the Tribunal's calculations

CASE REFERENCE LON/00AG/OLR/2015/0518

First Tier Tribunal
Property Chamber (Residential Property)

Valuation under Schedule 13 of the Leasehold Reform Housing and Urban Development Act 1993

Premium payable for an extended leasehold Interest in Flat 11, 95 Avenue Road, London SW8 6HY

Valuation date: 23 July 2014

1. **Value of Freeholder's existing interest**			
Reversion to			
Unencumbered virtual freehold value		£1,089,050	
Deferred for 43.67 years @ 5%		0.11875	£129,325
2. **Value of Freeholder's proposed interest**			
Reversion to			
Unencumbered virtual freehold value		£1,089,050	
Deferred 133.64 years @ 5%		0.00147	£1,600
3. **Diminution in value of Freehold interest on grant of new lease**			£127,725
4. **Diminution in value of Head Leasehold interest on grant of new lease** Agreed at			£1,195
5. **Marriage value calculation**			
Landlords' proposed interests	£1,600		
Tenant's proposed interest	£1,078,160	£1,079,760	
Less			
Landlords' existing interests	£130,520		
Tenant's existing interest	£756,900	£887,420	
		£192,340	
Landlord's share of marriage value		50%	£96,170
6. **Premium payable**			£225,090

7. **Apportionment of Premium between Freeholder and Headleaseholder**

Head Leasehold – diminution in value of Head leasehold interest on grant of new lease	£1,195	
Share of Marriage Value £96,170 x £1,195/£128,920	£892	£2,087
Freehold – diminution in value of Freehold interest on grant of new lease	£127,725	
Share of Marriage Value £96,170 x £127,725/£128,920	£95,279	£223,003

CASE REFERENCE LON/00AG/OLR/2015/1054

First Tier Tribunal
Property Chamber (Residential Property)

Valuation under Schedule 13 of the Leasehold Reform Housing and Urban Development Act 1993

Premium payable for an extended leasehold Interest in Flat 27, 95 Avenue Road, London SW8 6HY

Valuation date: 10 December 2014

8. **Value of Freeholder's existing interest**

Reversion to		
Unencumbered virtual freehold value	£1,132,600	
Deferred for 43.29 years @ 5%	0.12099	£137,033

9. **Value of Freeholder's proposed interest**

Reversion to		
Unencumbered virtual freehold value	£1,132,600	
Deferred 133.26 years @ 5%	0.00150	£1,700

10. **Diminution in value of Freehold interest on grant of new lease**	£135,333
11. **Diminution in value of Head Leasehold interest on grant of new lease** Agreed at	£1,192

12. **Marriage value calculation**

Landlords' proposed interests	£1,700		
Tenant's proposed interest	£1,121,274	1,122,974	
Less			
Landlords' existing interests	£138,225		
Tenant's existing interest	£754,900	£893,125	
		£229,849	
Landlord's share of marriage value		50%	£114,925

13. **Premium payable**	£251,450

14. **Apportionment of Premium between Freeholder and Headleaseholder**

Head Leasehold – diminution in value of Headleasehold interest on grant of new lease	£1,192	
Share of Marriage Value £114,925 x £1,192/£136,525	£1,003	£2,195
Freehold – diminution in value of Freehold interest on grant of new lease	£135,333	
Share of Marriage Value £114,925 x £135,333/£136,525	£113,922	£249,255