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

Case Reference : **BG/LON/00BK/OLR/16/0360**

Property : **6 Cervantes Court, Inverness
Terrace, London W2 6LE**

Applicant : **Elias Chukri Gebrael**

Representative : **Johnson Crilly Solicitors LLP**

**Respondent (missing
landlord)** : **Stephen Michael Brant**

Representative : **N/A**

Type of Application : **Lease extension**

Tribunal Members : **Judge Tagliavini
Mr. I Holdsworth FRICS**

**Date and venue of
hearing (paper)** : **10 Alfred Place, London WC1E 7LR
12 April 2016**

Date of Decision : **12 April 2016**

DECISION

- (1) The tribunal determines that the sum of £158,000 is payable by the Applicant in respect of the lease extension.
- (2) The terms of the new lease are as set out in the Transfer and (Draft) Deed of Surrender and Re-Grant of lease as provided to the Tribunal.

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The application

1. This an application for a determination of the premium payable for and the terms of a new lease pursuant to sections 50 and 51 of the Leasehold Reform, Housing and Urban Development Act 1993.
2. Proceedings were originally issued in the Central London County Court under claim no. BooCL680. The application was transferred to this tribunal, by order of District Judge Jones on 15 February 2016 for a determination of the terms of the new lease.]

The hearing

3. The application was determined on the documents only as the Applicant did not request an oral hearing.

The background

4. The property, which is the subject of this application, is a raised ground floor, two-bedroom maisonette in a block of 18 purpose built flats circa 1950s. The lease is a long lease commencing on 24 June 1968 for a term of 99 years with a rising ground rent.

The issues

5. The Tribunal is required to determine the price payable for a lease extension and the terms of the lease in the absence of the landlord.
6. The Tribunal was provided with a bundle of documents for the paper determination including a valuation report of Mr. Peter Mayor FRICS dated 26 March 2016. The Tribunal did not inspect the premises, as it was felt unnecessary and disproportionate to do so.

The Tribunal's decision

7. The Tribunal reviewed all the comparable evidence submitted by Mr. Mayor. The Tribunal preferred and accepted the evidence from the

properties located in the mansion block Chenies House as they offer similar styled accommodation to the subject in a nearby location. The Tribunal derived the average value per ft² after adjustment of the sale price with the HMLR indices to reflect the date of valuation. Consequently it determined that the average value per ft² is £947. This produces a value for the current leasehold interest of £782,000. Without any evidential documentary evidence to support the nature, extent, timing and cost of improvements carried out the subject property, the Tribunal determined that a deduction of £25,000 is appropriately made from this value to reflect the benefit of the improvements carried out by the Applicant during the currency of their lease as demonstrated in the photographs provided. Therefore, the residual sum is £757,000, which in the opinion of the Tribunal is the unimproved value of the current leasehold interest.

8. In conclusion, the Tribunal determines the premium payable is £158,000 and the valuation is attached as Annex A. The Tribunal remits this application back to the county court for any necessary final orders.

Signed: Judge Tagliavini

Dated: 12 April 2016

Appendix A

Property: 6 Cervantes Court London W2 6JE

Reference No: MBG/LON/00BK/OLR/16/0350

Lease and Valuation Data

Lease Term:	24/06/1968	
Lease Expiry date:	23/06/2067	
Unexpired term as at valuation date:	52.28	years
Date of Valuation	13/03/2015	

Rent receivable by landlord:		
Payable from valuation date for 19.25 years	£	20
Payable from valuation date for 33 years	£	30

Values

Extended Long lease value	£	996,053
Notional Freehold	£	1,006,100

LHVP	£	757,000	Relativity	76.0%
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Capitalisation rate (%)	10.00
Deferment rate (%)	5.00

Value of Freeholders present interest

Term 1

Ground rent payable	£	20	
YP @ 19.25 years @ 10%		8.40342	£ 168.07

Term 2

Ground rent payable	£	30	
YP @ 33 years @ 10%		9.66943	
Deferred @ 19.25 years @ 10%		0.15966	£ 45.84

Reversion

Freehold in vacant possession	£	996,053	
Deferred @ 52.28 years @ 5%		0.07802	£ 77,715.16

Total			£	77,929
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Less

Freehold value after leasehold extension	£	1,006,100	
PV of £1 in 142.28 years at 5%		0.0009665	£ 972

Freeholders interest value			£	76,957
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Calculation of Marriage Value

Value of flat with long lease	£	996,053	
Landlords proposed interest	£	972	£ 997,025

Less

Value of Leaseholders existing interest	£	757,000	
Value of Freeholders current interest	£	77,929	£ 834,929

Marriage value	Total		£	162,096
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Division of Marriage Value equally between

Freeholder	£	81,048
Leaseholder	£	81,048

Price payable to Freeholder

Value of freeholders current interest	£	76,957
Share of marriage value	£	81,048

Total	£	158,005
Say	£	158,000