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

**Case reference** : **LON/00AG/OCE/2016/0102**

**Property** : **22 Sumatra Road,  
London, NW6 1PU**

**Applicants** : **(1) Audrey Woods  
(2) Adam Winton  
(3) 22 Sumatra Road Freehold Ltd.**

**Representative** : **Ingram Winter Green LLP,  
Solicitors**

**Respondent** : **(1) Renato Carosi  
(2) Olga Carosi**

**Representative** : **Not represented**

**Type of application** : **Section 24 of the Leasehold  
Reform, Housing and Urban  
Development Act 1993**

**Tribunal members** : **Valuer Chairman  
Mr Neil Martindale FRICS**

**Date of determination  
and venue** : **25 May 2016 at  
10 Alfred Place, London WC1E 7LR**

**Date of decision** : **25 May 2016**

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**DECISION**

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**Summary of the tribunal's decision**

(1) The price payable for the freehold interest is **£125,916**

## **Background**

1. This is an application made by the Applicants as the nominee purchasers/ qualifying tenants pursuant to section 24 of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”) for a determination of the premium to be paid for the collective enfranchisement of 2 Sumatra Road, London, NW6 1PU (the “property”).
2. By a claim form issued on 17 July 2015 under action number B02W1020, in the County Court at Willesden the Applicants sought an order under section 26 of the Act vesting the freehold interest of the property in the Applicants and to dispense with the service of a section 13 claim notice on the basis that the Respondent could not be found.
3. By Order of District Judge Hussain dated 23 December 2015 the Court recorded that it was satisfied that the Respondent could not be found and vested the freehold interest of the property in the Applicants. It ordered, *inter alia* service of the section 13 notice be dispensed with and the matter transferred to the Tribunal for a determination of the price to be paid for the freehold interest.
4. On 31 March 2016, the Tribunal issued Directions, which included a direction that its determination would be based solely on the basis of the documentary evidence filed by the Applicants.
5. The valuation evidence relied on by the Applicants is set out in the report prepared by Mr Justin Bennett, BSc (Hons) FRICS, ACI Arb dated 17 May 2016.

## **Decision**

6. The Tribunal relied on the description of the property internally given in Mr Bennett’s report and refer to section 3 of that report for the description. The Tribunal did not carry out an inspection.
7. The existing leases of both flats were granted for a term of 99 years:  
  
Ground floor flat – wef 29 September 1973 at £25 per annum, fixed.  
  
First floor flat – wef 29 September 1973 at £50 per annum, fixed.
8. At the relevant date, namely 17 July 2015, both the leases had 57.20 years to run.
9. Because the lease has less than 80 years to run, marriage value at 50 per cent is payable. Compensation under paragraph 5 of Schedule 13 to

the Act does not arise. In respect of (any) arrears of rent, the landlord has not served demands in statutory form, so no arrears of rent are payable.

10. The value of the ground rents should be discounted at 7 per cent per annum. We agree with Mr Bennett's figure on the basis that a fixed ground rent would be less attractive to an investor. This accords with the Tribunal's own knowledge of market values for this type of investment.
11. The Tribunal agrees with Mr Bennett's use of 5% for the deferment of the reversion, which is in accordance with the decision in ***Sportelli***.
12. The Tribunal does not accept Mr Bennett's evidence that the unimproved freehold value is £921,750.
13. In his analysis in appendix 6, he sets out his analysis of local sales of long leasehold flats, in Sumatra Road: GF No.51; GF No.44; GF No.179; GF No.22; and FF No.103. He also provides analysis of a further six larger maisonettes in the same road. The first set of comparables, are very similar in type, age, accommodation, size and location to the subject property. Mr Bennett then analyses each transaction for its size (ft<sup>2</sup>), lease length, freehold, time, and condition. These produce a series of differing, but similar values in terms of £/ft<sup>2</sup>. He uses some of these and weights them before arriving at an average rate, which he then applies to the floor areas of the ground and first floor flats respectively.
14. The Tribunal prefers the first three comparables No.s 51; 44 and 179, all ground floor flats. They are very close in timing and location and are otherwise very similar to the ground floor flat at the subject address. It accepts his analysis of each sale, save for his final allowance for condition in the last column. The Tribunal adjusts these instead to £846/ft<sup>2</sup> from the sale of No.51; to £939£/ft<sup>2</sup> from the sale of No.44 and to £799 from the sale of No.179. Turning to his fourth and fifth comparable sales, (both first floor), neither requires adjustment for condition as one is the subject property and the other appears to have been in a similar state. The Tribunal accepts his devaluations of these at £649/ft for No.22 and £696 for No.103 (FF). However both are considerably older, dating from nearly two years before the valuation date. The Tribunal concludes that whilst relevant they carry less weight because of this.
15. The Tribunal does not rely on any other sales comparables provided as they are considerably larger flats and have a different layout which is on two levels.

16. In arriving at the relevant rate £/ft to reach the FHVP of the entirety, the Tribunal adopted a weighting of 33.3% for each of the comparable rates from the first three comparables. This produces £861 £/ft<sup>2</sup> to be applied to the area of 603 ft forming the ground floor flat, £519,183, which it rounds to £520,000. However the Tribunal has placed some weight (12.5% each) on the fourth and fifth comparables (first floor flats), along side a lesser weight for the first three comparables, now ascribed 25% weighting each. This produces £814/ft<sup>2</sup> to be applied to the area of 613ft forming the first floor flat, £498,982, which it rounds to £500,000. These total £1,020,000, the FHVP value.
17. The Tribunal accepts Mr Bennett's report on the weighted use of PCL graphs of relativity, and wider based indices in this valuation. It adopts his relativity figure of 81.4%, as applied to the FHVP unimproved, for each flat.
18. The Tribunal's valuation is annexed hereto and shows the price payable for the freehold interest in the property is £125,916.
19. The terms of the draft Transfer (TR1) provided by the Applicants' solicitors are approved, subject to the following detailed amendments:
20. TR1 Box 8 DELETE: *'The transferor has received from the transferee for the property the'*. INSERT: *'The following sum (in words and figures) £125,916 (one hundred and twenty five thousand, nine hundred and sixteen pounds) has been paid into court.'*
21. TR1 Box 11 INSERT: *'This transfer is executed for the purposes of chapter 10f part 1 of the Leasehold Reform Housing and Urban Development Act 1993.'*
22. TR1 Box 12 DELETE: *'Renato Carosi'*. DELETE: *'Olga Carosi.'* INSERT: *'the officer of the Court nominated to execute this deed on behalf of Renato Carosi and Olga Carosi, in accordance with the Order of the Court dated 23 December 2015.'*

**Name:** Valuer Chairman  
Neil Martindale FRICS      **Date:** 25 May 2016

**Appendix:** Valuation setting out the tribunal's calculations

## **Rights of appeal**

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber), then a written application for permission must be made to the First-tier Tribunal at the regional office which has been dealing with the case.

The application for permission to appeal must arrive at the regional office within 28 days after the tribunal sends written reasons for the decision to the person making the application.

If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed, despite not being within the time limit.

The application for permission to appeal must identify the decision of the tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).

**CASE REFERENCE LON/00AG/OCE/2016/0102**

**First-tier Tribunal  
Property Chamber (Residential Property)**

**Valuation under Schedule 6 of the Leasehold Reform Housing and  
Urban Development Act 1993**

**Premium payable for the freehold interest in  
22 Sumatra Road London NW6 1PU**

**is £125,916.**

**Valuation date: 17 July 2015**

## Annex 1

### 22 Sumatra Road NW6 1PU

Enfranchisement				
Valuation Date		17/07/2015		
Expiry of existing lease		28/09/2072		
Existing Term unexpired		57.20		
Capitalisation rate %		7.0		
Deferment rate %		5		
VP Freehold		1020000		
(Lwr £520,000 + Upr £500,000)				
LHVP unimproved relativity @81.40%	0.8140	830280		
<b>Landlords Present Interest</b>				
<b>Lower Flat</b>				
TERM Fixed GR		25		
YP for 57.20 years @ 7.0%	13.9870		£350	
REVERSION Unimproved FHVP		520000		
risk to VP at lease end -2.5%	0.0250	13000		
		507000		
PV£1 in 57.20 years @ 5%	0.0614		£31,130	<b>£31,479</b>
<b>Upper Flat</b>				
TERM Fixed GR		50		
YP for 57.20 years @ 7.0%	13.9870		£699	
REVERSION Unimproved FHVP		500000		
risk to VP at lease end -2.5%	0.0250	12500		
		487500		
PV£1 in 57.20 years @ 5%	0.0614		£29,933	<b>£30,632</b>
				<b><u>£62,111</u></b>
<b>Tenants Present Interest</b>				
VP Value of Freehold		1020000		
VP Value of Present Leasehold interests			£830,280	
<b>Marriage Value</b>				
VP Value of Freehold		1020000		
LESS Landlords Present Interest		62111		
LESS Tenant's Present Interest		830280		
<b>Marriage Value</b>			£127,609	
Landlords Share of Marriage Value 50%				
<b>Landlords Present Interest plus Landlords Share of Marriage Value</b>				
				<b><u>£63,804</u></b>
<b><u>Enfranchisement Price</u></b>				
				<b><u>£125,916</u></b>