

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

APPLICATION UNDER SECTION 27 OF THE LEASEHOLD REFORM ACT 1967

Applicant: Trumros Ltd

Respondent: Mr I Khan

Re: 31 Tower Bridge Road, London SE1

Paper hearing date: Tuesday 11 April 2006

Members of the Leasehold Valuation Tribunal:

**Mrs T I Rabin JP
Mr J R Humphrys FRICS**

31 TOWER BRIDGE ROAD LONDON SE1 4TL

FACTS

1. The Tribunal was dealing with an application under Section 21 of the Leasehold Reform Act 1967("the 1967 Act") to determine the amount to be paid into court pursuant to Section 9(1) of the 1967 Act as amended by the Commonhold and Leasehold Reform Act 2002. The application related to 31 Tower Bridge Road London SE1 4TL ("the Premises")and is pursuant to an order ("the Order") made by the Lambeth County Court on 8th February 2006 Case Number 5LB06357.. The Applicant is Trumros Limited and the Respondent is Iqtidar Hussain Khan. The Applicant holds the Premises under the terms of a lease ("the Lease") dated 29th May 1912 and made between London County Council (1) and George Edward Barlow and Frank Roberts (2) for a term of 99 years from 25th December 1910 at the annual rent of £17 per annum. It is subject to and with the benefit of an underlease of the whole of the Premises for sixteen years from 20th September 1993 at an initial rent of £8,500. The rent was last reviewed with effect from 20th September 2003 to £12,000 per annum. The underlease is held on full repairing and insuring terms.
2. The Respondent cannot be found and the Order provides that the Applicant does not have to take any further steps to trace the Respondent and further ordered that there is a dispensation against serving a Tenant's Notice under in accordance with the 1967 Act of its desire to acquire the freehold of the Premises.
3. The Order directed that the Applicant apply to the Tribunal for a determination of the value of the freehold reversion of the Premises pursuant to Section 27(5) of the 1967 Act and it is this application which is before the Tribunal today. The application has been assigned to the paper track for a determination on the basis of written representations only. The Applicant produced a bundle of documents and there were no representations were received from the Respondent

THE LAW

4. The valuation of the freehold reversion is made in accordance with Section 9 of the 1967 Act which sets out three methods for determining the price for the freehold, depending upon the rateable value of the relevant premises. The relevant method for the Premises is that set out in Section 9(1) which requires the Tribunal to assume that at the end of the term granted an extended lease under Section 14 of the 1967 Act for a term of 50 years from the date of the expiry of the Lease at an open market ground rent. The enfranchisement price must include compensation for the landlord for loss of rents (including arrears) until the expiry of the extended term and the loss of the freehold at that time.

THE EVIDENCE

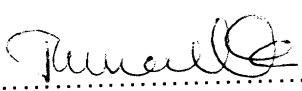
5. The Applicant produced a valuation from Mr L Nesbitt BSc FRICS of Nesbitt and Co with a detailed report in support of this dated 3rd April 2006. He was unable to gain internal access but understands that the accommodation consists of a shop on the ground floor, two rooms and a kitchen on the first floor and two rooms and a bathroom on the second floor. The Premises is a late 19th Century terraced property with brick elevations under a tiled roof.
6. Mr Nesbitt identified four comparables in Tower Bridge Road, namely numbers 41, 81, 83 and 85. From the comparables Mr Nesbitt is of the opinion that the current rack rental value of the Premises is £13,500 per annum. Based upon market transactions Mr Nesbitt is of the opinion that the capital value is fairly derived by applying a return of 6.5% on the rental income, giving an entirety value of £235,363.00. He arrives at a proportion to site value of 37.5% having regard to his experience and negotiations elsewhere. It follows that his site value is £76,449.00 and his Section 15 rent at 6.5% is £4969.00. Accordingly his enfranchisement valuation is £63,200 as shown on page 64 of the Applicant's bundle
7. The Tribunal inspected the Premises and the comparables on 11th April 2006 and found that 81, 83 and 85 were very similar to the Premises but 41 was a more modern unit.

DECISION

8. Having reviewed the comparables the Tribunal is satisfied that Mr Nesbitt arrived at the correct rack rental of £13,500.00 and is also satisfied that a 6.5% yield is appropriate having regard to the nature and location of the Premises. The Tribunal are also satisfied, having regard to the actual Premises that 37.5% is the correct proportion to take to arrive at the site value. It follows that the Tribunal agrees with the Section 15 rent and Mr Nesbitt's enfranchisement price of £63,200.00 as set out in his valuation on page 64 of the Applicant's bundle.
9. The Tribunal also orders that ground rent at £17.00 per annum of six years should be added to this sum in accordance with the terms of the Order. This is £102.00. The Order also provides that the conveyance be approved by the Court and the Tribunal accordingly takes no action in relation thereto.

Determination

10. The Tribunal therefore determine that the enfranchisement price including six years ground rent is **£63,302.00**

CHAIRMAN.....
T.I RABIN

DATE 12th April 2006