



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

Case Reference : CHI/43UF/OCE/2015/0054

Property : The Rock House, Reigate Hill, Reigate, Surrey
RH2 9PL

Applicant : The Rock Freehold Limited

Representative : Colman Coyle, solicitors

Respondent : J Athanassopoulos (missing landlord)

Representative :

Type of Application : Collective Enfranchisement (Missing
Landlord)

Tribunal Member : Mr D Banfield FRICS

Date of Inspection : 1 February 2016

Date of Decision : 4 February 2016

DECISION

Summary of Decision

- **The Tribunal has determined for the reasons set out below that the appropriate premium is £77,768.00**
- **The draft TR1 is approved**

Background

1. The applicant is a nominee company incorporated for the purpose of acquiring the freehold interest in The Rock House, Reigate Hill, Reigate, Surrey RH2 9PL on behalf of the existing lessees. The freeholder, J Athanassopoulos could not be traced and an application was therefore made to the Court for a Vesting Order pursuant to s. 26 of the Leasehold Reform Housing and Urban Development Act 1993.
2. District Judge George sitting at the County Court at Guildford made an order dated 13 October 2015 directing that the First-tier Tribunal (Property Chamber) should :
 - a. Determine the appropriate terms of acquisition under paragraph 1 of the Order
 - b. Approve a form of conveyance which contains such provisions as may be so approved for the purpose of giving effect to the relevant terms of acquisition in accordance with section 34 and Schedule 7 to the Act; and
 - c. Determine the price payable for the freehold of the Property in accordance with Schedule 6 to the Act.
3. Directions were made on 23 December 2015 indicating that the application would be dealt with on the papers as requested by the Applicant following an external inspection of the property.
4. Included with the Application was a valuation report by Myron Green BSc (Hons) MRICS MIRPM dated 19 November 2015 who valued the freehold interest at £77,768.00.

Inspection

5. The Tribunal inspected the exterior of the property on the morning of 1 February 2016 and found it to be a substantial detached house built in the nineteenth century and now converted into flats. The exterior is dilapidated with poor external decoration and with a generally uncared for air. Access is off the busy Reigate Hill along a shared poorly maintained drive leading to a turning circle/parking area. The site rises steeply behind the house and is largely wooded. Immediately adjoining the rear of the house is another detached property sharing the same driveway.
6. Although an internal inspection was not carried out by the Tribunal Mr Green provides sufficient information in his valuation report for the

Tribunal to be satisfied that the accommodation comprises 4 flats at basement, raised ground, first and second floors. Flat 1 situated in the basement has separate access down steps to the left of the main entrance, Flat 2 on the ground floor is accessed through the original front door whilst Flats 3 and 4 are accessed from an external staircase leading to a shared door at first floor level.

Evidence

7. Mr Green's Valuation Report dated 19 November 2015 provides comprehensive details of the property the tenure of each flat and the basis of his valuation. He gives details of the size and accommodation of each flat and their state of repair and modernisation producing capital values for each. He then explains why he has adopted his capitalisation and deferment rates used in his final valuation of £77,768.00. The details are as follows:-

Tenure

Each flat is held for a term of 99 years from 25 March 1984 on ground rents of £30/£60/£90 rising every 33 years.

Accommodation

Each flat comprises three bedrooms, 1 en suite bathroom, reception room, kitchen and bathroom/wc.

Gross internal areas and condition

Flat 1	131 sq.m. Modernised but with moisture ingress
Flat 2	143 sq.m. Reasonable order
Flat 3	153 sq.m. Modernised but tired
Flat 4	107 sq.m. Modernised but tired, restricted ceiling height in bed 3.

Comparables

Flat 1 The Rock, Sold October 2013 for £212,000 to cash buyer
Flat 2 Margery Hall, Reigate Hill, 2 bedroom flat in Victorian conversion. Poor condition but communal areas and gardens well maintained. Share of freehold, Sold to developer in February 2015 for £285,000

Flat 7 Margery Hall, 3 bedroom flat in good modernised order, share of freehold, on market since June 2015 for £395,000

Flat 2 Undercroft, Raglan Road, 2 bedroom flat in converted manor house. Good modernised order, share of freehold, under offer for £365,000 in August 2015

Flat 15 Howard Court, Doods Park Road, 2 bedroom flat in 1950s block. Sold August 2015 for £275,000

Flat 4 Grange Court Grange Drive Merstham, 3 bedroom flat in period conversion, share of freehold, sold November 2015 for £365,000

Capitalisation Rate

7% in line with Tribunal findings and negotiated settlements

Deferment rate

5% in accordance with Sportelli

Capital Values

Flat 1

Based on the sale price in 2013 adjusted for time using the average of 3 indices gives £258,000 from which £25,000 was deducted for condition and to which £20,000 was added for the cost of extending the existing lease. The resulting figure was rounded to £255,000

Mr Green then analysed the comparables to arrive at a rate per foot to be applied to the remaining flats. The product of this exercise however gave figures considerably out of line with the actual sale prices of his comparables. He then considered the value of large period conversions the evidence for which suggested a value of £365,000 for a large 3 bedroom flat in modernised condition with a share of the freehold.

Applying this to the remaining flats adjusted for size, condition and the effect of an absentee freeholder he arrived at the following values;

Flat 2	£330,000
Flat 3	£315,000
Flat 4	£306,000

Relativity

In the absence of actual short lease transactions Mr Green has averaged the graphs produced by Beckett & Kay, South East Leasehold, Nesbitt & Co, Austin Gray and Andrew Pridell and arrived at 91.06% which he considers to be more appropriate than the LEASE figure of 92%.

8. Applying the above figures to his calculation he arrives at a premium of £77,768.00 as shown on the attached Appendix 1.

Decision

9. The Tribunal has carefully considered Mr Green's valuation and accepts that it gives a fair assessment of the freehold value. **The appropriate premium is therefore determined to be £77,768.00**

Form of Conveyance

10. The draft TR1 enclosed with the application and attached as Appendix 2 is approved.

D Banfield FRICS

4 February 2016

1. A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application to the First-tier Tribunal at the Regional office, which has been dealing with the case. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.
2. If the person wishing to appeal does not comply with the 28-day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.

Valuation

The Rock							
INPUT INFORMATION		Valuation Date:	16-Jul-2015				
		Lease Expires:	25-Mar-2083				
Basement Flat	£ 255,000		£ 30.00	£ 60.00	£ 90.00		
Ground Floor Flat	£ 330,000		£ 30.00	£ 60.00	£ 90.00		
First Floor	£ 315,000		£ 30.00	£ 60.00	£ 90.00		
Second Floor	£ 306,000		£ 30.00	£ 60.00	£ 90.00		
Number of years unexpired			67.69				
Number of years to 1st review	24-Mar-2017		1.69	to 2nd review	33.00	to 3rd review	33.00
Rent passing			£ 120		£ 240		£ 360
Capitalisation rates	Term		7%		7%		7%
	Reversion		5.00%				
Value of notional freehold interest			£1,206,000				
Value of existing lease					91.06%		£1,098,184
Value of Freehold current interest							
Rent reserved			£ 120.00				
YP to 1st review			1.5429		£ 185		
Reversion to YP to 2nd review			£ 240.00				
x PV of £1 to 1st review			12.7538		11.3763		£ 2,730
			0.8920				
Reversion to YP to 3rd review			£ 360.00				
x PV of £1 to 2nd review			12.7538		1.2199		£ 439
			0.0957				
Reversion to VP value			£ 1,206,000				
x PV of £1 to Reversion			0.0368		£ 44,384		
							£ 47,719
							£1,145,902
Marriage value							£ 60,898
							50%
							£ 30,049
Value of Freehold current interest							£ 47,719
Price for Freehold							£ 77,768

Land Registry
Transfer of whole of registered title(s)

Appendix 2

TR1

Any parts of the form that are not typed should be completed in black ink and in block capitals.

If you need more room than is provided for in a panel, and your software allows, you can expand any panel in the form. Alternatively use continuation sheet CS and attach it to this form.

Leave blank if not yet registered.

Insert address including postcode (if any) or other description of the property, for example 'land adjoining 2 Acacia Avenue'.

Give full name(s) of **all** the persons transferring the property.

Complete as appropriate where the transferor is a company.

Give full name(s) of **all** the persons to be shown as registered proprietors.

Complete as appropriate where the transferee is a company. Also, for an overseas company, unless an arrangement with Land Registry exists, lodge either a certificate in Form 7 in Schedule 3 to the Land Registration Rules 2003 or a certified copy of the constitution in English or Welsh, or other evidence permitted by rule 183 of the Land Registration Rules 2003.

Each transferee may give up to three addresses for service, one of which must be a postal address whether or not in the UK (including the postcode, if any). The others can be any combination of a postal address, a UK DX box number or an electronic address.

1	Title number(s) of the property: SY455978
2	Property: The Rock House, Reigate Hill, Reigate, Surrey RH2 9PL
3	Date: 11 th December 2015
4	Transferor: John Athanassopoulos acting by _____ the Officer of the Court pursuant to a Court Order dated 13 th October 2015. <u>For UK incorporated companies/LLPs</u> Registered number of company or limited liability partnership including any prefix: <u>For overseas companies</u> (a) Territory of incorporation: (b) Registered number in the United Kingdom including any prefix:
5	Transferee for entry in the register: The Rock Freehold Limited <u>For UK incorporated companies/LLPs</u> Registered number of company or limited liability partnership including any prefix: 09642328 <u>For overseas companies</u> (a) Territory of incorporation: (b) Registered number in the United Kingdom including any prefix:
6	Transferee's intended address(es) for service for entry in the register: Prestige Secretarial Services, 26 Northcote Road, Knighton, Leicester LE2 3FH
7	The transferor transfers the property to the transferee

Place 'X' in the appropriate box. State the currency unit if other than sterling. If none of the boxes apply, insert an appropriate memorandum in panel 11.

Place 'X' in any box that applies.

Add any modifications.

Where the transferee is more than one person, place 'X' in the appropriate box.

Complete as necessary.

The registrar will enter a Form A restriction in the register *unless*:

- an 'X' is placed:
 - in the first box, or
 - in the third box and the details of the trust or of the trust instrument show that the transferees are to hold the property on trust for themselves alone as joint tenants, *or*
- it is clear from completion of a form JO lodged with this application that the transferees are to hold the property on trust for themselves alone as joint tenants.

Please refer to Joint property ownership and practice guide 24: private trusts of land for further guidance. These are both available on the GOV.UK website.

Insert here any required or permitted statement, certificate or application and any agreed covenants, declarations and so on.

8 Consideration

- The transferor has received from the transferee for the property the following sum (in words and figures):

- The transfer is not for money or anything that has a monetary value

- Insert other receipt as appropriate:
The sum of £77,768.00 (in words Seventy Seven Thousand Seven Hundred and Sixty Eight Pounds) has been paid into Court.

9 The transferor transfers with

- full title guarantee
- limited title guarantee

10 Declaration of trust. The transferee is more than one person and

- they are to hold the property on trust for themselves as joint tenants

- they are to hold the property on trust for themselves as tenants in common in equal shares

- they are to hold the property on trust:

11 Additional provisions

1. This transfer is executed for the purposes of Chapter 1 of Part 1 of the Leasehold Reform Housing and Urban Development Act 1993.
2. "Leases" means: -
 - (i) Lease dated 31st July 1984 made between Raymond Foster Letting Company Limited (1) and Nigel Thompson Trading Company Limited (2).
 - (ii) Lease dated 10th August 1984 made between Raymond Foster Letting Company Limited (1) and James Harper Leck and Carol Elizabeth Oakley Meyer.
 - (iii) Lease dated 24th August 1984 made between Raymond Foster Letting Company Limited (1) and Nigel Thompson Trading Company Limited (2).

- (iv) Lease dated 17th December 1984 made between Raymond Foster Letting Company Limited (1) and David John Oldham and Dawn Karen Oldham (2).

The Transferee covenants on its own behalf and on behalf of its successors in title to observe and perform the covenants and conditions on the part of the landlord in or implied by the Leases and to indemnify the Transferor and keep the Transferor indemnified against any liability, loss or expense arising from any future failure to observe or perform them.

3. It is agreed and declared that neither the Officer of the Court nor the Court shall incur any personal liability whatsoever whether arising directly or indirectly under this transfer.

The transferor must execute this transfer as a deed using the space opposite. If there is more than one transferor, all must execute. Forms of execution are given in Schedule 9 to the Land Registration Rules 2003. If the transfer contains transferee's covenants or declarations or contains an application by the transferee (such as for a restriction), it must also be executed by the transferee.

If there is more than one transferee and panel 10 has been completed, each transferee must also execute this transfer to comply with the requirements in section 53(1)(b) of the Law of Property Act 1925 relating to the declaration of a trust of land. Please refer to Joint property ownership and practice guide 24: private trusts of land for further guidance.

12 Execution

Signed as a Deed by the Officer of the Court nominated to execute this Deed on behalf of John Athanassopoulos in accordance with the Order of the Court dated 13th October 2015.

.....
Officer of Court

Signature of Witness:

.....
Name of Witness:

.....
Address:

.....
Occupation:

WARNING

If you dishonestly enter information or make a statement that you know is, or might be, untrue or misleading, and intend by doing so to make a gain for yourself or another person, or to cause loss or the risk of loss to another person, you may commit the offence of fraud under section 1 of the Fraud Act 2006, the maximum penalty for which is 10 years' imprisonment or an unlimited fine, or both.

Failure to complete this form with proper care may result in a loss of protection under the Land Registration Act 2002 if, as a result, a mistake is made in the register.

Under section 66 of the Land Registration Act 2002 most documents (including this form) kept by the registrar relating to an application to the registrar or referred to in the register are open to public inspection and copying. If you believe a document contains prejudicial information, you may apply for that part of the document to be made exempt using Form EX1, under rule 136 of the Land Registration Rules 2003.