

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

Case reference : **CAM/33UC/OAF/2025/0001**

Property : **Vine Cottage,
Keeling Hall Road
Foulsham, Dereham,
Norfolk, NR20 5PR**

Applicants : **Alison Shaw - Smith (Leaseholder)**

Representative : **Ward Gethin Archer Ltd
(Solicitors)**

Respondent : **Persons Unknown (Freeholder)**

Representative : **None**

Type of application : **To determine the premium payable
under S.9 as compensation to the
landlord, arising from an
application to enfranchise the
freehold made by S.27 Leasehold
Reform Act 1967 (“the Act”)**

Tribunal : **Mr N. Martindale BSc MSc FRICS**

Venue : **HMCTS, Cambridge County Court,
197 East St. Cambridge C1 1BA**

Date of decision : **27 May 2025**

DECISION

Decision

The premium to be paid by the applicant for the freehold interest in the Property is **£3,344 (Three thousand three hundred and forty four pounds)**.

Introduction

1. This concerns an application made under Section 27 of the Leasehold Reform Act 1967 (“the Act”) for a transfer of the freehold of the Property. This determination is of the premium to be paid by the applicant leaseholder to the freeholder of the Property. The relevant legal provisions are set out in the Appendix to this decision.
2. The applicant, is the long leaseholder of the Property, being a small part of a much larger land holding in the lease. It is let under the terms of a lease which began on 10 September 1620. The lease was for 500 years. It will end on 9 September 2120.
3. The original 1620 lease is acknowledged by all to be lost and the rent due under the applicant’s current lease of its Property is nil. Leasehold title to the Property is registered at HM Land Registry under NK224495 and NK366837. There is no known registered or unregistered freehold proprietor of the Property and so no respondent.
4. This determination follows the order made of District Judge Earl, issued 3 April 2024 in the County Court at Norwich. The usual order of the Court in such applications would prior confirm that, and on the Court being satisfied that the respondent could not be found, the respondent’s interest in the subject Property be vested in the applicant in accordance with section 27 of the Act. The Court at this stage now ordered that *“1b) The appropriate sum to be paid into Court being the sum determined by the First Tier Tribunal (Property Chamber) as the ‘price’ in accordance with section 8 of the 1967 Act, plus an amount which the Court determines is the amount of any unpaid rent up to the date of Transfer.”* The Tribunal determines the premium under S.9 of the Act. The Court reserved approval of the final form of transfer, to itself.
5. The Tribunal assumes that Directions in standard format were subsequently issued by Laura Lawless of the Tribunal, but no copy was to be found in the bundle, as is a standard requirement of such.
6. The Tribunal now determines the premium payable at the antecedent valuation date, only. It remits determination of the remainder of the application back to the County Court for it to consider and determine: The final form of transfer TR1; the deduction, if any, of the applicant’s

costs in this application from, and the addition of any to, that total premium sum.

Statutory basis of valuation

7. Section 9 to the Act provides that the price to be paid by the purchaser for of the freehold interest shall be the aggregate of the value of the freeholder's interest and compensation for any other loss. No payment is made for the freeholder's share of any marriage value arising where the enfranchisement arose from one of the exceptions set out under S.1A of the Act. In this case it is represented by the Valuer at the bottom of the valuation sheet.
8. It is taken that the transfer qualifies as an enfranchisement made under Section 9(1A) of the Act because the rateable value of the Property as at April 1990 was not more than £500. Therefore the provisions of Section 9A which take account of compensation by the tenant for the landlord's loss of marriage value, do not apply to this transfer.
9. The value of the freehold interest is the amount which, at the valuation date, that interest might be expected to realise if sold in the open market subject to the tenancy by a willing seller (with the nominee purchaser, or a tenant of premises within the specified premises or an owner of an interest in the premises, not buying or seeking to buy) on the assumption that the tenant has no rights under the Act either to acquire the freehold interest or to acquire a new lease.

Applicant's Case

10. The applicant has now provided a valuation report dated 5 June 2024 by John Mansfield FRICS of Brown & Co, Norwich (the "Valuation Report"). The report contains a formal Statement of Truth confirming that in so far as the facts stated in the report are within his own knowledge, that he believes them to be true and includes a statement of compliance confirming that they understand their duty to this Tribunal.
11. Having considered the contents of the Valuation Report and the opinions expressed in that report the Tribunal is satisfied that the method adopted is appropriate to determine the enfranchisement price for the Property. The Tribunal accepts the description of the Property and its location as stated in the Valuation Report. The antecedent valuation date is 18 October 2023, the date of filing the claim at Court.
12. Photographs of the exterior and interior of the Property were included in the Valuation Report. The Tribunal did not consider it necessary or proportionate to carry out an inspection of the Property.

Valuation

13. According to the Valuation Report, the Property is a two storey detached dwelling house dating originally from around 1800, extended 2006. The structure is of brick and flint stone walls with a timber roof structure supporting clay pantiles. The Property is set well back from the public road, with access via private driveway on a narrow land strip in the overall Property title.
14. It is situated about a mile from the centre of the village of Foulsham, in otherwise open countryside. The Property site area is about 0.32 ha (0.78 acres). The village is some 18 miles north west of Norwich.
15. The Report sets out that: *“...The Property is accessed via a private driveway alongside to the south of which is a triangular area of grazing and timber stable block which is separate from the house and garden at the western end of the drive. To the west of the garden is a narrow strip of grassland used for grazing. There is a timber pantiled garage / store by the cottage and timber stable block to the west of the cottage...”* It is not within a Conservation Area, nor Listed.
16. The Property has an internal floor area of about 124m² or 1440ft². There is oil fired central heating and double glazed windows. There is mains water feed septic tank storage for the outfall. Accommodation on ground floor is a living room, kitchen, utility and cloakroom: First floor is a master bedroom with ensuite shower/ wc, 2 smaller bedrooms and family bathroom/ wc. Outside the other buildings include a double garage with small storage loft over, and stables west of the cottage, with various timber framed horse stables, tack room and hay store on concrete bases.
17. The applicant referred to spending some £45,000 since 2006 on works of improvement to the Property which included: a kitchen extension, utility room and cloakroom on the ground floor and an additional bedroom above. Work also included a garage/ store, new double glazing, central heating; worktop changes to kitchen and utility rooms.
18. At the valuation date 18 October 2023 (AVD) the unexpired residue of the 500 year lease from 5 September 1620, is reported as 96.92 years.
19. The Valuer confirms that he has adopted the Sportelli deferment rate of 4.75% when applied to the delayed enjoyment of the full capital value of the freehold with vacant possession on conclusion of the actual and assumed 50 year lease extension beyond, which the Tribunal accepts.
20. In assessing the “modern ground” for the assumed 50 year lease extension beyond the existing term the Valuer confirms the absence of market based ground rents in the locality as is often the case. The land

has an awkward shape and is 1.86 acres (0.75ha). This provides a “Modern House Value” for this exercise. Reaching a modern ground rent the Valuer adopts a 7% return applied to that site value reached from the preceding stage, to arrive at a modern ground rent. The Tribunal accepts this approach here.

21. After research of actual sales of house plots suitable for a new house development on a one off basis locally the Valuer has found none. Instead, the plot being a sizeable one he takes a percentage at the upper end, being 40% of the open market capital value of the freehold with vacant possession. The Tribunal accepts this approach here.
22. The Valuer’s assessment of the market value is based on evidence of sales some STC, of the freeholds of local, comparable dwellings in and around the rural area around Foulsham. The Valuer adjusts the basic sale values of the comparables: for time using the HMLR data. It is assumed that this is by reference to the ‘all properties Broadland’ market index to allow for local market movements. He accepts that the approach is somewhat subjective but finds a range of unit values at £265 -£338/ ft2.
23. **No.1 Old School House Rectory Road Wood Norton** a detached 3 bedroom former schoolhouse under offer at June 2024 for £525,000 (the Report date) but no sale completed at that time. There is a garage and outbuildings, on a 1.1 acre plot, GIA 1527ft2. The STC sale adjusted to the AVD gives £517,000 or £338/ft2.
24. **No.2 High House Cottage, Gunn Street Foulsham** a detached 5 bedroom house from the 1800’s sold August 2023 for £490,000. It’s on a 0.41 acre plot, GIA 1552ft2. Adjusted to the AVD gives £491,000 or £317/ft2.
25. **No.3 14 Gunn Street, Foulsham** a detached 4 bedroom house sold June 2022 for £450,000 . It’s on a 0.45 acre plot, GIA 1550ft2. Adjusted to the AVD gives £459,152 or £296/ft2.
26. **No.4 Moor Lodge Cottage, The Moor Reepham** a detached 3 bedroom house which may be STC sale at £450,000 at the date of the Report. It’s on a 1 acre plot, GIA 916ft2. Adjusted to the AVD (if it proceeded), it gives £443,226 or £483/ft2.
27. **No.5 Pound Farmhouse, Wood Norton Road Stibbard** a 4 bedroom semi detached house sold £540,000 March 2024. Its on a 0.66 acre plot, GIA 2000ft2. Adjusted to the AVD gives £531,872 or £265/ft2.
28. The Valuer discounts the transaction at No.4 as ‘The Moor’ partly because it is in a particularly popular location but, mostly because it

was not completed at the date the Report was prepared. Similarly but for other reasons the Valuer discounts the value of transaction No.5 which seems low. The Valuer ascribes the arrangement whereby the former farmhouse and agricultural outbuildings were converted into several very close by new dwellings rather than this comparable being properly detached like the Property and comparables 1, 2 and 3.

- 29.** The Valuer takes into account both the properties under offer at Report preparation date and those completed but does not adopt any specific named weighting approach to their usefulness or relevance. Instead he adopts a robust approach to valuing the freehold vacant possession value of the Property at the AVD. On this basis he concludes this is £525,000. As a check this equates to £364/ft² on the GIA. The Tribunal is content both with this approach here on this occasion and this specific figure, particularly as the exact figure is very much diminished over the distant final reversion.
- 30.** The value of the landlord's interest in the Property then, is represented first by the capitalised value of the ground rent receivable under their lease. That income stream is typically capitalised by the Valuer at 7%, which the Tribunal accepts is robust and appropriate in a case where the rent is at a very low and fixed level. However in this case, in the complete absence of any ground rent due this element has no value for which the landlord should be compensated, so the term has NIL value.
- 31.** The second element of the landlord's interest is then represented by the hypothetical grant of a 50 year extension at the end of the existing 96 odd year term, but at a modern ground rent. The Valuer adopts the conventional approach of taking the freehold VP value of the house at the £525,000 referred to above, and a site value at some 40% of this, producing a sum of £210,000 for the site without a building. A yield expected from such investment is taken at 7%, resulting in a modern ground rent of £14,700 pa. Applying the yield of 5.5% for the second term of 50 years but deferred at 4.75% by the current unexpired term, creates a deferred site value for 146 years of some £2,769.48.
- 32.** The third element of the landlord's interest is the reversion to full vacant possession of the house £525,000 but, deferred some 96.92 years. Deferred at 4.75% yield following Sportelli as the Valuer suggests here, produces a final additional sum of £459.44. In this process the Valuer cites the 'Clarise Properties' case. The Valuer takes the view that the reduction in buyers for a 'tenanted' home as reason for them to make a substantial discount on this future value. The Tribunal is content with the foregoing approach taken here.
- 33.** The Valuer then adopts a discount of 20% to represent the increased difficulty in the freeholder obtaining full vacant possession from the leaseholder (by then a tenant of an assured tenancy under Scheduled 10 Local Government and Housing Act 1989) at lease end, rather than the

more usual shorthand. Whilst this tenant pays market rent they would by that stage enjoy increased protection from eviction, in law. The Valuer cites FtT Property Chamber decision from 2012 on No.33 High St. Foulsham, here, in support of a discount for the Property after the second reversion. This Tribunal finds that the effects of this issue in any event, have an almost insignificant effect on the final premium to be paid which in this case is really quite distant.

34. The Tribunal takes the view that even at the AVD here, the market was already expectant that any future AST tenants might soon be enjoying increased protection from eviction, much more along the lines of an assured tenancy. Although these trends have some way to go, the Tribunal believes by the time of final lease end the market would anticipate such tenant protection to be in place. This would render no particular relative advantage to the resident tenant and therefore no particular disadvantage to the landlord at the end of the second reversion. The Tribunal makes no discount for this, here, therefore.
35. Although there are sometimes small amounts of unpaid rent added to the premium to be paid to the freeholder or their estate when found by the Court, as the rent is nil, there are no additional sums due, though this remains a matter for the Court to formally determine.
36. The Tribunal accepts the valuation approach, the three elements to be calculated, and the individual and total sum stated by the Valuer to be paid in his report save for removal of the discount: However the Valuer had applied a 20% discount applied to the distant capital value of the freehold at the end of the second reversion or third element of overall value of the premium with which the Tribunal does not accept.
37. This Tribunal therefore uses the accepted freehold capital value at £525,000, rather than use the Valuer's discounted value of £420,000 as set out above. This adjustment is very small but means the addition of £574.30 to the value of the second reversion, rather than of the Report's figure of £459.44 at that point. This represents an increase in the final premium of £114.86. It is the Tribunal's only alteration. The Tribunal has not therefore issued its own valuation.
38. The premium to be paid by the applicant for the freehold interest in the Property is **£3,344 (Three thousand three hundred and forty four pounds).**

Name: Neil Martindale

Date: 27 May 2025

Appendix

Leasehold Reform Act 1967

Section 27 Enfranchisement where landlord cannot be found

(1) Where a tenant of a house having a right under this Part of this Act to acquire the freehold is prevented from giving notice of his desire to have the freehold because the person to be served with the notice cannot be found, or his identity cannot be ascertained, then on an application made by the tenant the court may, subject to and in accordance with the provisions of this section, make such order as the court thinks fit with a view to the house and premises being vested in him, his executors, administrators or assigns for the like estate and on the like terms (so far as the circumstances permit) as if he had at the date of his application to the court given notice of his desire to have the freehold.

(2) Before making any such order the court may require the applicant to take such further steps by way of advertisement or otherwise as the court thinks proper for the purpose of tracing the landlord; and if after an application is made to the court and before the house and premises are vested in pursuance of the application the landlord is traced, then no further proceedings shall be taken with a view to the house and premises being so vested, but subject to subsection (7) below—

(a) the rights and obligations of all parties shall be determined as if the applicant had, at the date of the application, duly given notice of his desire to have the freehold; and

(b) the court may give such directions as the court thinks fit as to the steps to be taken for giving effect to those rights and obligations, including directions modifying or dispensing with any of the requirements of this Act or of regulations made under this Act.

(3) Where a house and premises are to be vested in a person in pursuance of an application under this section, then on his paying into court the appropriate sum there shall be executed by such person as the court may designate a conveyance in a form approved by the court and containing such provisions as may be so approved for the purpose of giving effect so far as possible to the requirements of section 10 above; and that conveyance shall be effective to vest in the person to whom the conveyance is made the property

expressed to be conveyed, subject as and in the manner in which it is expressed to be conveyed.

(4) For the purpose of any conveyance to be executed in accordance with subsection (3) above, any question as to the property to be conveyed and the rights with or subject to which it is to be conveyed shall be determined by the court, but it shall be assumed (unless the contrary is shown) that the landlord has no interest in property other than the property to be conveyed and, for the purpose of excepting them from the conveyance, any underlying minerals.

(5) The appropriate sum which, in accordance with subsection (3) above, is to be paid into court is the aggregate of—

(a) such amount as may be determined by (or on appeal from) the appropriate tribunal to be the price payable in accordance with section 9 above; and

(b) the amount or estimated amount (as so determined) of any pecuniary rent payable for the house and premises up to the date of the conveyance which remains unpaid.

(6) Where a house and premises are vested in a person in accordance with this section, the payment into court of the appropriate sum shall be taken to have satisfied any claims against the tenant, his executors, administrators or assigns in respect of the price payable under this Part of this Act for the acquisition of the freehold in the house and premises.

Section 9 Purchase price and costs of enfranchisement

(1) Subject to subsection (2) below, the price payable for a house and premises on a conveyance under section 8 above shall be the amount which at the relevant time the house and premises, if sold in the open market by a willing seller, (with the tenant and members of his family . . . not buying or seeking to buy) might be expected to realise on the following assumptions:—

(a) on the assumption that the vendor was selling for an estate in fee simple, subject to the tenancy but on the assumption that this Part of this Act conferred no right to acquire the freehold, and if the tenancy has not been extended under this Part of this Act, on the assumption that (subject to the landlord's rights under section 17 below) it was to be so extended;

(b) on the assumption that (subject to paragraph (a) above) the vendor was selling subject, in respect of rentcharges . . . to which section 11(2) below

applies, to the same annual charge as the conveyance to the tenant is to be subject to, but the purchaser would otherwise be effectively exonerated until the termination of the tenancy from any liability or charge in respect of tenant's incumbrances; and

(c) on the assumption that (subject to paragraphs (a) and (b) above) the vendor was selling with and subject to the rights and burdens with and subject to which the conveyance to the tenant is to be made, and in particular with and subject to such permanent or extended rights and burdens as are to be created in order to give effect to section 10 below.

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 either party is dissatisfied with this decision, they may apply for permission to appeal to the Upper Tribunal (Lands Chamber) on any point of law arising from this Decision.

Prior to making such an appeal, an application must be made, in writing, to this Tribunal for permission to appeal. Any such application must be made within 28 days of the issue of this decision to the person making the application (regulation 52 (2) of The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rule 2013).

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).