

Valuation



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Overview

- Section 11(1) - the price payable is (a) the market value, and (b) other compensation (if any).
- “Other compensation” – same as existing law
- Schedule 2 - sets out how “market value” is to be determined (and shared, where necessary)
- lease extensions under the LRA 1967 are brought in line with those under the LRHUDA 1993
- any new lease –
 - granted for a premium;
 - at a peppercorn rent; and
 - for a term of 990 years from the expiry of the existing lease.



Top ten valuation takeaways





1. Change to the calculation of lease extension premiums
2. Prescribed valuation methodology (with some exceptions): “the standard valuation method”
3. Prescribed rates
4. Ground rent capped
5. Intermediate leases assumed to merge with superior interest – “Assumption 1”
6. Removal of marriage and horreum value – “Assumption 2”
7. No discount for risk of holding over (where unexpired term exceeds 5 years)
8. Section 9(1) stays
9. The standard valuation method doesn't apply to leases with less than 5 years unexpired
10. No restriction on development



Thank you

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