



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

<b>Case reference</b>	:	<b>CAM/00MB/OLR/2022/0107 PAPER REMOTE</b>
<b>Property</b>	:	<b>53 Osborne Mews, Victoria Street, Slough, Berkshire, SL1 1TJ</b>
<b>Applicant</b>	:	<b>Vijay Kumar Kapoor</b>
<b>Representative</b>	:	<b>Barrett and Thomson Solicitors</b>
<b>Respondent</b>	:	<b>Lorienwood Limited</b>
<b>Representative</b>	:	<b>Guillaumes LLP</b>
<b>Type of application</b>	:	<b>Section 48 of the Leasehold Reform, Housing and Urban Development Act 1993</b>
<b>Tribunal members</b>	:	<b>Judge Professor Robert M. Abbey Michele Wilcox BSc MRICS</b>
<b>Date of determination and venue</b>	:	<b>23 November 2022 by paper based hearing</b>
<b>Date of decision</b>	:	<b>23 November 2022</b>

---

**DECISION**

---

**Summary of the tribunal's decision**

- (1) The premium payable for the newly extended lease of the property is in the sum of **£17,300** as more particularly set out in the calculation/valuation prepared by the Tribunal and attached to this decision.

## **Background**

1. This is an application made by the applicant leaseholder pursuant to section 48 of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”) for a determination of the premium to be paid for the grant of a newly extended lease of **53 Osborne Mews, Victoria Street, Slough, Berkshire, SL1 1TJ** (the “subject property”).
2. By a notice of a claim served pursuant to section 42 of the Act, the applicant exercised the right for the grant of a new lease in respect of the subject property. At the time, the applicant held the existing lease of the subject property. The applicant subsequently proposed to pay a premium of £13,250 for the new lease.
3. The respondent freeholder served a counter-notice admitting the validity of the claim and subsequently counter-proposed a premium of £18,950 for the grant of a new lease.

## **The issues**

4. Many aspects of the claim and valuation were agreed by the parties other than the matters listed below. Specifically, the parties were able to agree that as at the date of valuation the unexpired term was 61.91 years, the rent payable at valuation date was £75, rising to £100 for the third 25 years and to £125 for the final 24 years of the term and the deferment Rate is 5%.

## **Matter not agreed**

5. The following matters were not agreed:
  - (a) 1) Unimproved Long Lease Core Market Value as at Notice date
  - (b) 2) Capitalisation Rate:
  - (c) 3) Relativity Rate:
  - (d) 4) Value of Act Rights
  - (e) 5) Lease Premium
  - (f) 6) Area of the property

## **The hearing**

6. The hearing by way of a paper-based decision in this matter took place on 23<sup>rd</sup> November 2021. The applicant was represented by Mr Andrew Ward (Mr Ward) of Lease Increase who is not a Chartered Surveyor but who has extensive experience of leasehold enfranchisement. The respondent was represented by Mr Michael Aldous (Mr Aldous) who is a Chartered Surveyor. Both representatives helpfully provided the Tribunal with detailed reports and valuations to assist the Tribunal with its deliberations.
7. This has been a remote hearing on the papers which has been consented to or not objected to by the parties. The form of remote hearing was classified as P (Paper Remote). A face-to-face hearing was not held because it was not practicable given the COVID-19 pandemic and no one requested the same or it was not practicable and all issues could be determined in a remote hearing on paper. The documents that the Tribunal was referred to are in the electronic bundle supplied by the parties. The tribunal had before it a trial bundle of documents prepared by one of the parties in accordance with previous directions. The trial bundle comprised electronic versions of copy deeds, contracts, documents, letters and emails.
8. In the context of the COVID-19 pandemic Tribunal did not consider that an inspection was possible. However, the Tribunal was able to access the detailed and extensive paperwork in the trial bundle that informed their determination. In these circumstances it would not have been proportionate to make an inspection given the current circumstances and the quite specific issues in dispute.
9. The applicant confirmed that the only reason the dispute was before the Tribunal was because the parties through their representatives could not agree on the basis for the valuation for the consideration to be paid for the newly extended lease.

### **The tribunal's determination**

10. The tribunal determines that the premium to be paid will be £ 17,300.

### **Reasons for the tribunal's determination**

11. As will be apparent from the list of items not agreed as set out above there was a significant amount of disagreement between the parties. The subject property is located in Victoria Street Slough a residential location close to the centre of Slough and within walking distance to the station. The premises comprise a studio flat on the first floor of a 3-storey block with 31 dwellings and secure parking.
12. The premises comprises a hallway, shower/WC, a bedsitting room, and a kitchen. The property benefits from central heating and double glazing. It

has a net internal area of 34 square metres which is agreed by the respective parties. The gross internal area of 37.8 square metres was calculated by the respondent's surveyor.

13. In relation to the extended long leasehold value, Mr Ward adopted a rate of £3717 per square metre which he applied to the net internal area of 33.91 square metres to give an extended long lease core value of £126,050. He then adjusted this figure to reflect in his opinion that a 2-bedroom flat would be more desirable than a studio. This methodology produced an extended long lease core market value of £120,000. The relativity adopted was 83.84% which Mr Ward submitted was based on LVT decisions for the London region although he did not produce any further evidence. Applying this relativity gave an existing lease value of £100,608 and the resulting premium contended for of £13,250.
14. Mr Aldous produced a table of comparables which produced an average rate of £3715 per square metre. He adjusted the rate to reflect his opinion that smaller residences attract a higher capital value and he adopted a value of £3,850 per square metre. His assessment was based on the gross internal area of 37.8 square metres. This methodology produced an extended long lease value of £145,000. The relativity adopted was 84.26% based on the Savills enfranchisable graph and he then deducted 4.44% for the Value of Act Rights. This gave a relativity of 79.82% and an existing lease value of £115,739 and the resulting premium contended for of £18,930.
15. Overall, the tribunal preferred the evidence of Mr Aldous to that of Mr Ward although the tribunal agreed with Mr Ward that the capitalisation rate for the ground rent income should be 7%. The tribunal noted that Mr Ward had not made any deduction from the relativity for the Value of Act rights which it did not accept was correct. On balance the tribunal favoured the evidence of Mr Aldous in relation to his approach to determining the relativity at 79.82% and the tribunal therefore determined the relativity to be 79.82%.
16. The tribunal considered the extended long leasehold values submitted by both parties. In relation to Mr Ward's evidence after careful consideration the tribunal did not accept that a further reduction should be made from his initial assessment of the long leasehold value of £126,050 due to the property being a studio flat. The tribunal noted the difference between the respective surveyors in terms of assessing the long leasehold value based on whether to use the gross or net internal floor areas.
17. In relation to Mr Aldous assessment of the long leasehold value the tribunal favoured his approach although noted that none of the comparables were directly comparable. The tribunal noted that flat at 7 St Andrews Court Upon Park, although an equivalent size flat, had sold some 18 months before the valuation date of 26th January 2022 which the tribunal considered to be not particularly reliable evidence. The tribunal

considered the remaining comparables and noted that the average price per square metre equated to £3532 per square metre.

18. Although there is no single accepted practice for measurement of residential property, the tribunal favoured Mr Aldous approach that the gross internal area should be adopted for the valuation of this studio flat in this case. The tribunal noted that Mr Ward did not dispute the gross internal area measurement. The tribunal applied its assessment of the average rate of £3532 per square metre to the gross internal area of 37.8 square metres to arrive at the long leasehold core market value of say £133,500. Applying the relativity of £79.82% gives a premium of £17,300 as set out in the calculation/valuation below. Accordingly, the tribunal determines the appropriate premium is £ 17,300.

19. Rights of appeal are set out below.

**Name:** Judge Professor Robert.  
M Abbey                      **Date:** 23 November 2022

## **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).

## Tribunal Valuation

Valuation date	26/01/2022
Unexpired term	61.91
Capitalisation rate	7.0%
Deferment rate	5.00%
Freehold value	£133,500
Extended lease value	£133,500
Existing lease value	£106,560
Relativity	79.82%

### A Value of landlord's existing interest

Term 1						
				£75		
Years Purchase	12.91	years @	7.0%	8.3214		£624
Term 2						
				£100		
Years Purchase	25	years @	7.0%	11.6536		
PV of £1 deferred 12.91 years at 7%	12.91		7.0%	0.4175		£487
Term 3						
				£125		
Years Purchase	24	years @	7.0%	11.4693		
PV of £1 deferred 37.91 years at 7%	37.91		7.0%	0.0769		£110
Reversion to						
Freehold value of flat				£133,500		
PV of £1 deferred	61.91	years	5.00%	0.048772		£6,511
Total						<b>£7,732</b>
B						
<b>Landlords retained interest after lease extension</b>						
Value of retained interest				£133,500		
PV of £1 in 142.22 years at 5%	151.91		5.00%	0.000604		£81
Loss to landlord						£7,651

### C Marriage value

Value of landlord's interest after lease extension	£81
Value of tenant's interest	£133,500
Sub-total	£133,581
Value of landlords existing interest	£7,732
Value of tenants existing interest	£106,560
Sub-total	£114,292
Gain of Marriage Value	£19,289
Landlords 50% share	£9,645
Plus, current loss to landlord	£7,651
Total	£17,296

**Premium payable say**

**£17,300**