



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

Case reference : **LON/00AC/OLR/2024/0351**

Property : **1105A Finchley Road, London NW11
0QB**

Applicant : **Ashwin Mehta and Minashri Mehta**

Representative : **Mr B Maunder Taylor FRICS MAE
instructed by Collins Benson Goldhill
LLP solicitors**

Respondent : **Kabra Developments Limited**

Representative : **Mr. E Taylor LLB(Hons) PGDip Surv
Assoc RICS instructed by Comptons
Solicitors LLP**

Type of application : **Section 48 of the Leasehold Reform,
Housing and Urban Development Act
1993**

Tribunal members : **Judge Dutton
Mr A Harris LLM FRICS FCI Arb**

**Date of
determination and
venue** : **4 February 2025 at
10 Alfred Place, London WC1E 7LR**

Date of decision : **4 February 2025**

DECISION

Summary of the tribunal's decision

(1) The appropriate premium payable for the new lease is **£80,630**.

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 new lease of 1105A Finchley Road, London NW11 0QB (the “property”).

2. By a notice of a claim dated 30 August 2023, 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 granted on 10 December 1982 for a term of 99 years from 29 September 1981 at an annual ground rent of £50 rising by £50 each 33 years. The applicant proposed to pay a premium of £58,000 for the new lease.
3. On 2 November 2023, the respondent freeholder served a counter-notice admitting the validity of the claim and counter-proposed a premium of £120,000 for the grant of a new lease.
4. On 23 April 2024, the applicant applied to the tribunal for a determination of the premium.

The issues

Matters agreed

5. The following matters were agreed:
 - (a) The subject property is a self-contained maisonette on the first and second floors of a three storey property with commercial premises at ground floor level;
 - (b) The gross internal floor area is 1,410 square feet;
 - (c) The valuation date: 30 August 2023
 - (d) Unexpired term: 57.08;
 - (e) Ground rent: £50 rising after 33 years to £100 and for the remainder of the term rising to £150 per annum;
 - (f) Relativity is agreed at 76.71%;
 - (g) Capitalisation of ground rent: 8% per annum; and
 - (h) Deferment rate: 5%.
 - (i) New lease value agreed at 99% of the freehold vacant possession value

Matters not agreed

6. The following matters were not agreed:
 - (a) The freehold (unimproved) value: the applicant contending for £450,000 and the respondent contending for £650,000; and

- (b) The premium payable.

The hearing

7. The hearing in this matter took place on 4 February 2025. The applicant was represented by Mr Bruce Maunder Taylor, and the respondent by Mr Elliot Taylor. We had a bundle of some 166 pages, which we considered in advance of the hearing.
8. Neither party asked the tribunal to inspect the property, and the tribunal did not consider it necessary to carry out a physical inspection to make its determination.
9. The applicant relied upon the expert report and valuation of Mr Maunder Taylor dated 20 January 2025 and the respondent relied upon the expert report and valuation of Mr Taylor dated 15 January 2025

Unimproved value of the property with freehold in possession.

10. We had a short hearing on 4 February 2025. Both valuers spoke to their reports. However, Mr Maunder Taylor had reviewed the comparable included in Mr Elliot Taylor's report of 1039A Finchley Road, London NW11 7ES and revised his valuation as a result. Instead of a value of £66,000 he concluded that the premium payable should be uplifted to £80,422. Mr Elliot Taylor sought a premium of £94,774.
11. We did ask if there was the possibility of a compromise, but it seemed not.
12. Mr Maunder Taylor considered that the comparable of 1039A Finchley Road was the best available to him. It had sold in December 2022 for £512,500. Mr Elliot Taylor had adjusted this comparable in his list for time to £498,090, an adjustment with which Mr Maunder Taylor agreed. It was smaller than the property with two instead of three bedrooms. however, it was close in time and location. He did not rely on the other comparable properties set out in his report.
13. In a late addition to the bundle, he had provided photographs of this property, which he thought showed improvements such as the wooden flooring and a new kitchen. Taking the matter in the round he had uplifted his view on the reversion to freehold vacant possession value to £550,000 from £450,000, thus lifting the premium to be paid from £65,920 to £80,422.
14. There had been discussion concerning the use clause in the property lease which limited the use "*as a private residence in the occupation of one family only*" (see clause 2(11) of the lease). The lease for 1039A had

a similar user clause not to permit the property to be used “*other than a self contained private dwelling for residential purposes only*” (see paragraph (k) of the Third schedule). It was therefore agreed between the valuers that no adjustment was necessary for the restrictions against multiple letting (HMO style) if we accepted 1039A as the best comparable.

15. Mr Maunder Taylor commented upon the comparables put forward by Mr Elliot Taylor. There were four. He considered that the flats at Temple Fortune House and 10 Arcade House were in a superior position to Temple Fortune Mansions but reasserted that in his opinion the property at 1039A was the best. He did not think that the use of square footage rates applied in this case.
16. For his part Mr Elliot Taylor agreed that the use of square footage rates was not the best evidence, He adjusted for time only, considering there were no adjustments that needed to be made for condition. Although he accepted that the property at 12 Temple Fortune House was something of an outlier nonetheless it was a flat above a shop in the locality and thus relevant. He accepted that the comparable at 10 Arcade House was close to Mr Maunder Taylor’s assessment of value.
17. In so far as 1039A Finchley Road was concerned whilst he could accept this was a good comparable, given the paucity of evidence available to the valuers, he did make the point that the flat was smaller, with one bedroom less which would have an impact on value. He did not accept that it was improved. Refurbishment was what was required by the lease and did not equal improvements. He gave no value for the limited outside space.
18. One other matter we should mention is the incorrect capitalisation rate used by Mr Elliot Taylor, He corrected this to give a premium of £94,674. In addition Mr Maunder Taylor had omitted an element from his valuation, namely the freeholders proposed interest, which we have assessed at £421.00 as shown on the attached valuation.

The tribunal’s determination

19. The tribunal determines that the value of the unimproved freehold with vacant possession value is £550,000.

Reasons for the tribunal’s determination

20. We had a preference for the opinion of Mr Maunder Taylor, although we accept that there appears to be a shortage of true comparables. The valuers had limited their range to flats above commercial premises in the locality, which is appropriate. We felt that Mr Maunder Taylor had made more of an attempt to explain his views on the appropriate value to be

attributed to the subject property. He was also willing to review his valuation following a reassessment of the comparable at 1039A Finchley Road.

21. Mr Elliot Taylor had given us four comparables with square footage rates ranging from £397.07 to £531.54 but little else in the way of explanation. It was only the evening before that we were provided with copies of the leases for these flats, but no Land Registry details, nor estate agents' particulars were provided.
22. Although we do not consider that the square footage route is appropriate in this case, it is interesting to note the closeness of the values of the properties at 10 Arcade House and 1039A Finchley Road. We did not think any allowance had to be made for condition as little in the way of evidence was put to us. We do not consider the flat at 1039A was improved, we agree with Mr Elliot Taylor that it had been refurbished in accordance with the lease terms.
23. Mr Maunder Taylor had readjusted his value quite considerably when reviewing the comparable of 1039A Finchley Road, which he said came to him late in the day. His research confirmed the value attributed to this property by Mr Elliot Taylor and sat with the other comparable at 10 Arcade House, Finchley Road, which he considered to be a superior style of property to the subject property, but slightly smaller.

The premium

24. The tribunal determines the appropriate premium to be **£80,630**. A copy of its valuation calculation is annexed to this decision.

Name: Judge Dutton

Date: 4 February 2025

Appendix: Valuation setting out the tribunal's calculations

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).

CASE REFERENCE LON/00AC/OLR/2014/0106

**First-tier Tribunal
Property Chamber (Residential Property)**

**Valuation under Schedule 13 of the Leasehold Reform Housing and
Urban Development Act 1993**

**Premium payable for an extended leasehold Interest in 1105A
Finchley Road, London NW11 0QB**

Valuation date: 30 August 2023

Address	1105A Finchley Rd			Tribunal Valuation				
Basic Information								
Valuation Date	30 August 2023							
Existing lease Expiry Date	28 September 2080							
Years unexpired	57.08							
Length of new lease	147.08							
Existing Ground Rent	£100.00							
Basis of review								
Date of 1st review	29 September 2047							
Years to 1st review	24.08							
Length of period	33							
Rent at 1st review	£150.00							
Capitalisation Rate	8.00%							
Deferment Rate	5.00%							
Long Lease Figure	£544,500							
F/H to Long lease change	99%							
Freehold figure	£550,000							
Real World Short Lease Value								
No Act Discount								
Relativity Rate	76.17%							
Current Lease Value	£418,935							
EXISTING FREEHOLD VALUE								
TERM VALUE				Cap Rate	P/V	Multiplier	Term Value	
Term 1	£100.00	24.08	8.00%	10.5412	1	10.5412	£1,054	
1st Review	£150	33.00	8.00%	11.5139	0.16	1.8043	£271	
						Total Term Value	£1,325	
REVERSION VALUE				Capital Value	Years to Reversion	Deferment Rate	P/V	Reversion Value
				£550,000	57.08	0.05	0.0617	£33,951
							£35,275	
NEW FREEHOLD VALUE				Capital Value	Years to Reversion	Deferment Rate	P/V	Reversion Value
				£550,000	147.08	0.05	0.0008	£421
MARRIAGE VALUE CALCULATION								
Value of Freeholders New Interest						£421		
Value of Leaseholders New Interest						£544,500	£544,921	
less								
Value of Freeholders Current Interest						£35,275		
Value of Leaseholders Current Interest						£418,935	£454,210	
						Difference	£90,710	
						50% of Difference	£45,355	
CALCULATION OF PAYMENT BY LEASEHOLDER								
Freeholders Current Value				£35,275				
Share of Marriage Value				£45,355		£80,630		