



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

Case Reference : **MAN/00CG/OAF/2025/0008**

Property : **56 Pearson Place, Sheffield, S8 9DE**

Applicants : **Andrew Edward Shinn &
Deborah Jane Shinn**

Representative : **John Michael Francis,
FRICS of Crapper & Haigh Limited**

Respondent : **Trust Ash Limited**

Type of Application : **Leasehold Reform Act 1967, Section
21(1)(a)**

Tribunal Members : **J. Stringer: Tribunal Judge
H. Lewis FRICS; Valuer Member**

Date of Decision : **22nd May 2026 -**

Date of Amended Decision : **8th June 2026**

AMENDED DECISION

Amended on 8th June 2026 (to correctly identify the author of the Applicant's expert report, John M. Francis, FRICS) pursuant to Rule 50 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013

The Tribunal determines that the total price to be paid, in accordance with section 21 (1)(a) of the Leasehold Reform Act 1967, for the freehold interest 56 Pearson Place, Sheffield, S8 9DE is £272.95 (two hundred and seventy-two pounds and ninety-five pence).

The Tribunal determines that the amount of pecuniary rent payable in accordance with section 27 (5)(b) of the Leasehold Reform Act 1967 is £90.00.

BACKGROUND

1. The application relates to the freehold interest in the premises of a house known as **56 Pearson Place, Sheffield, S8 9DE**.
2. The application is by way of an application notice dated 15th May 2025. The Respondent failed to respond to the Notice of Enfranchisement dated 11th December 2024 and to comply with the Tribunal's directions following the application, despite being warned of the consequences of non-compliance and despite having been reminded of the need to comply. The Tribunal subsequently directed that the application should be determined on the basis of the Applicant's submissions and evidence only.
3. The application was determined without a hearing, the Applicant having consented to such determination, on 22nd May 2026.

THE PROPERTY AND LEASE

4. The property was not inspected. The Tribunal relies upon the expert evidence which describes the property as a *'semi-detached 4-bedroom house constructed in the late 19th Century and is located in a respected and convenient residential area.'*
5. The Applicants are the leasehold registered owners of the house under a lease dated 15th July 1985 for a term of 200 years from 25th March 1985. The registered title of the Lease SYK211907 confirms that the tenancy was acquired on 25th April 1986.

THE LAW

6. The application is made under section 21(1)(a) LRA 1967. Section 21(1)(a) LRA 1967 provides that if a leaseholder and freeholder cannot agree on the purchase price when the leaseholder is exercising their right to buy the freehold, the dispute must be determined by the First Tier Tribunal (FtT).
7. By section 21(1B) LRA 1967 the application to the FtT can only be made when the landlord has informed the tenant of the price sought (and the parties disagree as to that price), or (as in this case) two months have passed since the tenant notified the landlord of their wish to enfranchise under the LRA 1967.

8. The valuation is made in accordance with section 9 LRA 1967, which provides that the price payable for the freehold is the market rate, subject to certain assumptions (set out in that section, and addressed below).

THE EXPERT REPORT/EVIDENCE AND THE TRIBUNAL'S FINDINGS

Qualification Basis

9. The Tribunal have first considered the valuation basis to be adopted. To be valued under section 9(1), the house and premises must be within the financial limits specified under s.1 (1)(a), 1(5) or 1(6) of the Act, it must be at a low rent within s.4 (1) of the Act and the rateable value of the house and premises on 31 March 1990 must be £1,000 or less in Greater London or £500 elsewhere.
10. The expert report does not provide any evidence as to why the property qualifies under section 9(1). In his expert report, Mr. Francis offers his opinion: *'to the best of my knowledge, Mr and Mrs Shinn, the long leaseholders of the 56 Pearson Place, have a qualifying interest under the terms of the Leasehold Reform Act 1967.'* Whilst the expert valuer opinion lacks any supporting information, there is no evidence to the contrary. Accordingly, from the evidence before it and on the balance of probability, the Tribunal concludes that the appropriate valuation methodology is under s.9(1).

Decapitalisation and Deferment Rates.

11. The Deferment Rate is the annual discount rate applied, on a compound basis, to an anticipated future receipt (assessed at the current price of a property) in order to assess the present value of the right to vacant possession of a residential property at the end of a leasehold to which the freehold is subject.
12. Unsurprisingly there is considerable authority on the rates to be applied for decapitalisation and deferment rates. In particular *Earl Cardogan and Cardogan Estates Limited v. Sportelli and others* [2007], *Zuckerman v. Trustees of Calthorpe Estate* [2009], *Mansal Securities Limited's Appeal* [2009] and, more recently, *Sinclair Gardens Investments (Kensington) Ltd's Appeal* [2014].
13. The Tribunal finds that the starting point for the deferment rate is Sportelli which determined the rate at 4.75% (Risk Free 2.25% less Real Growth 2.00% plus Risk Premium 4.50%). The Tribunal has also followed the guidance in Sportelli that unless there is strong evidence to the contrary the deferment rate should remain consistent.
14. The Tribunal has made a further addition of 0.5% to reflect the decision in Zuckerman, in respect of the lack of growth between Prime Central London (PCL) and the West Midlands. The same reasoning is appropriate for properties in the Northwest.

15. This is confirmed by the Upper Tribunal decision in *JGS Properties Limited v King & ORS* [2017] UKUT233 (LT) which upheld the decision of the First-tier Tribunal that there should be an addition of 0.5% to the deferment rate set in *Sportelli* to reflect the poorer growth rates outside PCL but that there should be no further adjustment for volatility thereby arriving at a rate of 5.25%.

The Premium

16. The Tribunal is required to determine the premium payable for the Freehold Interest, calculated in accordance with section 9 of the Act as detailed above.
17. The value of the landlord's interest in the Property is represented first by the capitalised value of the ground rent receivable under their lease. That income stream is capitalised by the Expert Valuer at 6.5%, which the Tribunal accepts is robust and appropriate in this case. The capitalised ground rent is calculated at **£231**.
18. 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 160.28 year term, but at a modern ground rent. In so doing, the valuer must consider the appropriate 'Entirety value' which is the notional market value of the property that could reasonably be expected to have been built on the plot at the valuation date, assuming the plot was 'fully developed'.
19. The Valuer assesses the Entirety value at £375,000 and, in the absence of any further commentary, presumably considers the property to be 'fully developed'. The value is based on comparable evidence comprising of 6 properties detailed as an appendix to the expert report. The evidence is considered appropriate and relevant to the subject property. Accordingly, the Tribunal agrees with the 'Entirety Value' of £375,000.
20. This stage requires consideration on appropriate deferment rates. Mr. Francis has adopted a rate of 5.25% on the basis that this is the '*custom and practice in the area*'. The Tribunal agrees with this rate but does so, using its own judgement and experience of the locality and after consideration of the decision in *Sportelli* and others discussed at paragraphs 7 to 11 above.
21. In calculating the 'plot value' and 'modern ground rent', Mr. Francis adopts the conventional approach of calculating the plot value as a percentage of the Entirety Value. He adopts a percentage of 33% for site value and 5.25% as a decapitalisation rate again relying on '*custom and practice in the area*'. The Tribunal agrees with these rates.
22. Accordingly, the plot value is assessed at 33% of the £375,000 'Entirety Value' which equates to £123,750. A yield expected from such investment is taken at 5.25%, resulting in a modern ground rent of £6,497 pa. Applying this same yield for the second term of 50 years creates a deferred site value of **£34.00**.

23. The third element of the landlord's interest is the Reversionary Value disregarding improvements. Mr. Francis adopts the market value of the 'standing house' at £375,000, the same as 'Entirety Value. The Reversionary value is deferred 210.28 years at 5.25% yield following Sportelli, and amounts to **£7.95**.
24. Accordingly, the Tribunal determines the premium to be paid by the applicants for the freehold interest in the property is **£272.95 (two hundred and seventy two pounds and ninety five pence)**.

Pecuniary Rent

25. The amount of pecuniary rent payable, in accordance with s.27 (5)(b) of the Act, is deemed to be **£90.00** being six years at £15 per annum. It is not clear from submissions whether the Applicants have paid ground rent since acquiring the property on 25th April 1986. If they have not done so, the pecuniary rent of £90 is payable.

COSTS OF THE APPLICATION

26. The Applicants' Statement of Case sought costs of £500.00 (the maximum permitted to be awarded) in respect of the application under paragraph 10 of Schedule 12 of the Commonhold and Leasehold Reform Act 2002, on the basis that Freeholder had "acted unreasonably in connection with the proceedings", specifically by failing to engage with these proceedings. Consistent with the application of Rule 13(1) of the FTT Procedure Rules 2013 (the Rules) the Tribunal is required to consider whether the Respondent has acted unreasonably and if so, whether, in the light of that unreasonable conduct, it ought to make an order for costs. The Tribunal is not satisfied that a lack of response to an application of itself, without any further information, for example, as to whether the failure to respond was intentional or not, amounts to unreasonable conduct, and accordingly no order for costs is made.