



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

Case reference : **LON/00BK/OLR/2022/0430**

HMCTS code : **P: CVPREMOTE**

Property : **Flat 18, 7-11 Princes Gate, London,
SW7 1QL**

Applicant : **Hedge Glory Investments Limited**

Representative : **Mr Buckpitt of Counsel**

Respondent : **Princes Gate Partnership LLP**

Representative : **Miss Gibbons of Counsel**

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

Tribunal members : **Tribunal Judge I Mohabir
Mr N Martindale FRICS**

Dates of hearing : **16 November 2022**

Date of decision : **28 November 2022**

Amended : **12 December 2022**

Re-amended : **19 December 2022**

DECISION

Summary of the Tribunal's decision

- (1) The appropriate premium payable for the new lease is **£1,084,110**.

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 Flat 18, 7-11 Princes Gate, London, SW7 (“the property”).
2. The Applicant is the qualifying tenant of the property. The Respondent is the long leasehold owner of the property and the competent landlord for the purposes of the Act and there are no further leasehold interests intermediate between the two.
3. By a Notice of Claim dated 19 January 2022, the Applicant gave notice of its claim to acquire a new lease of the property pursuant to the Act and proposed a premium of £833,000.
4. By a Counter-Notice dated 22 March 2022, the Respondent admitted the Applicant’s right to a new lease of the property and counter-proposed a premium of £1,853,350.
5. The terms of the new lease have been agreed and only the premium payable on its grant remains in dispute.
6. The respective valuers instructed by the parties prepared a Statement of Agreed Facts and Issues dated 28 September 2022 found at page 115 in the bundle and a supplemental Statement of Agreed Facts and Issues dated 9-10 November 2022, which refined the valuation issues further. Only the following matters remain in dispute:
 - (a) The freehold vacant possession value; and
 - (b) The resultant premium.
7. The parties were unable to agree the premium payable and the Applicant made an application for a determination of those terms on 31 May 2022.

The hearing

8. The hearing in this matter took place on 15 November 2022. The Applicant was represented by Mr Buckpitt of Counsel and the Respondent by Miss Gibbons of Counsel.

9. The Applicant relied upon the expert report and valuation of Mr French MRICS dated 21 October 2022 and his supplemental valuation dated 10 November 2022. The Respondent relied upon the expert report and valuation of Mr White BSC (Hons) MRICS dated 25 October 2022.

Discussion, Findings & Conclusion

10. Mr French made reference to some 15 sales transactions of flats nearby in blocks in this part of South Kensington prior to and after subsequent to the valuation date. Details of the sales were agreed with the Mr White.
11. Mr French largely devised his own devaluation and interpretation of his analysis of each of them and concluded with a valuation basis rate £/ft². He then applied this to the agreed floor area and adjusted this to reach the notional freehold value of the flat at the valuation date. This figure was incorporated into his valuation of the premium.
12. As stated earlier, Mr French had submitted a revised valuation. This incorporated the very recent 2022 sales of two flats within the same block as the Property, subject to contract. He explained that whilst he would not normally take account of such evidence the proximity of otherwise highly comparable sales should be given some weight.
13. Accordingly Mr French submitted a revised schedule of evidence including these two uncompleted transactions but weighted them relatively lightly because they were not yet completed. The calculation produced a slightly higher rate £/ft² for the freehold capital value. He also further adjusted this figure to reflect a more recent agreement on a premium elsewhere in the building incorporating his interpretation of the capital value otherwise unagreed for those purposes, that he had used to reach that premium. The final capital value was therefore significantly but not substantially higher than that used in his original valuation in the main bundle.
14. In contrast, Mr White relied on 3 transactions. He relied on a niche market based around a demand from buyers to own a flat that looked towards Hyde Park. He had acknowledged and agreed the basic details of the sales of flats in the 15 or so item schedule used by Mr French in getting to the capital value, but had rejected most of them as in his view they required too many adjustments many based on subjective opinion.
15. Mr White arrived at a substantially higher capital value for the property than Mr French. His third comparable was some 4.5 years prior to the valuation date. This was in an adjacent block of otherwise similar appearance and location and was at first floor level. Whilst it faced towards the Park, occupiers would at best get park glimpses not views. Mr White's final comparable was a second floor in a larger block further west along the A road which was between the Property and the park.

16. The Tribunal found none of the evidence provided overly convincing. There were no simple direct sales in the same block at or very close to the sale date of the same condition or size. Instead the parties had to have regard to a wider range of flats transactions and with adjustment be able to produce a rate £/ft² for the freehold.
17. Mr French made use to some extent of all 15 even though some were ascribed little weight. Mr White rejected most adopting 3 based on a perception of a market focussed largely on a location of facing Hyde Park.
18. The Tribunal rejected this very limited approach based on this one allegedly key characteristic entirely. One of the 3 comparables dated from 4 years plus beforehand and lay in a different market beyond adjustment. The second was only at first floor in a similar nearby block but had no view of the park. The last comparable at second floor had a park view but that one comparable with some sort of park view did not provide a complete analysis of the market. The initial figures were then subject to further adjustment based on very little substance.
19. The relatively variable poor quality of the comparables here required the valuers to use them all to some extent and to make consistent adjustments for various factors, albeit more than would normally expected in this case.
20. As Mr White did not attempt this, the Tribunal had to rely on the expert evidence from the Applicant alone. It was content, on questioning from Counsel for the Applicant and from the Tribunal with the overall approach adopted by Mr French in his original report.
21. Turning to supplementary valuation report from Mr French, the Tribunal rejected his changes made here, when he incorporated the potential recent sales of two otherwise highly comparable flats in the same block, as they were not yet transactions. It also rejected his use of his interpretation of the freehold values in the block adopted in his recent settlement of another lease extension premium to the block with the valuer for the landlord. This went beyond secondary evidence.
22. The Tribunal instead prefers Mr French's valuation evidence and determines that the lease extension premium of is **£1,080,267**. The Tribunal's amended valuation is annexed to this decision.

Name: Tribunal Judge I Mohabir

Date: 28 November 2022
(amended 12 December 2022)
(re-amended 19 December 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).