



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

Case Reference : **LON/00AM/OLR/2018/0892**

Property : **60 Gibson Gardens, London N16
7HD**

Applicant : **Ms Alice Cox**

Representative : **Mr David Nesbit MRICS**

Respondent : **Anston Investments Limited (1)
Headline Investments Limited (2)**

Representative : **Mr Jeremy Levy MRICS**

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

Tribunal Members : **Mr Jeremy Donegan (Tribunal
Judge)
Mr Kevin Ridgeway MRICS (Valuer
Member)**

**Date and venue of
Hearing** : **13 November 2018
10 Alfred Place, London WC1E 7LR**

Date of Decision : **04 January 2019**

DECISION

Decision of the Tribunal

- (A) The total sum payable by the applicant on the grant of a new lease of 60 Gibson Gardens, London N16 7HD ('the Flat') is £45,639 (Forty-Five Thousand Six Hundred and Thirty-Nine Pounds). Of this sum, £43,594 (Forty-Three Thousand Five Hundred and Ninety-Four Pounds) is payable to the first respondent and £2,045 (Two Thousand and Forty-Five Pounds) is payable to the second respondent.**
- (B) The Tribunal's calculation of these sums is set out in the attached schedule.**

The background

1. The application concerns a claim for a new lease of the Flat under Chapter II of Part I of the Leasehold Reform, Housing and Urban Development Act 1993 ('the Act').
2. The applicant is the long leaseholder of the Flat, which is sublet. Her immediate landlord is the first respondent ('Anston'), which holds an intermediate lease of 1-150 Gibson Gardens. The second respondent ('Headline') is the freeholder of Gibson Gardens. Details of the leases are set out below.
3. Gibson Gardens is a gated, mews development leading to the east of the A10 Northwold Road. It comprises five tenement blocks with a total of 150 flats, a private cobbled, estate road and communal gardens. It is very close to the shopping facilities in Stoke Newington High Street and Church Street and the Stoke Newington railway station.
4. On 04 December 2017 the previous leaseholder of the Flat (Ms Louisa Komzolik) gave a notice of claim to Anston and Headline, pursuant to section 42 of the 1993 Act. She proposed a premium of £300 for the grant of a new lease and £20,000, by way of the other amount payable under schedule 13 of the Act.
5. The applicant purchased the Flat on 06 December 2017 and the benefit of the section 42 notice was assigned to her on the same date. This was an auction purchase, the auction having taken place on 25 October 2017. The purchase price was £281,000.
6. On 05 February 2018 Headline gave a section 45 counter-notice to the applicant. This admitted her entitlement to a new lease but proposed a higher premium of £91,951, payable to Anston and £83,000 as the other amount payable to Headline. A draft lease was attached to the counter-notice.

The application and directions

7. The Tribunal received an application to determine the premium for the new lease, pursuant to section 48 of the Act on 09 July 2018.
8. Directions were issued on 25 July 2018. Direction 1 provided that any application to determine the respondents' costs was stayed. There has been no application to lift the stay. Accordingly the Tribunal is not required to determine the costs payable under section 60 of the Act.
9. Direction 6 required the parties to exchange statements of agreed facts and disputed valuation issues by 12 September 2018.
10. At the start of the hearing, the parties' representatives confirmed that the form of the new lease had been agreed. This meant the Tribunal is only required to determine the premium.

The hearing and inspection

11. The application was heard on 13 November 2018. The applicant was represented by Mr Nesbit and Headline was represented by Mr Levy.
12. Mr Nesbit and Mr Levy are both Members of the Royal Institution of Chartered Surveyors and appeared as advocates and expert witnesses. They both gave oral evidence in support of their expert reports.
13. Mr Nesbitt is a director of Resolution Property Surveyors Limited with 15 years' experience in valuing properties under the Act and is a member of the Association of Leasehold Enfranchisement Practitioners ('ALEP'). He relied on a valuation report dated November 2018 in which he valued the new lease premium at £37,028.05 (£36,347.68 for Anston and £680.36 for Headline).
14. Mr Levy is a director of Skylon Limited, trading as BMCS Chartered Surveyors. He deals with residential and commercial valuations and is regularly involved in 1993 Act cases. He relied on a report dated 02 November 2018, in which he valued the new lease premium at £72,035 (£68,964 for the first respondent and £3,071 for the second respondent). In the light of his oral evidence on relativity (see paragraphs 64 and 66 below) and at the request of the Tribunal, he produced a revised valuation of £57,401 dated 14 November (£54,954 to Anstone and £2,447 to Headline).
15. The experts were cross-examined at some length and their evidence was fully tested. Mr Nesbit made a number of criticisms of Mr Levy's report, suggesting that it was "*barely and expert's report*" and little weight should be attached to it. For the most part, these criticisms

were overstated. The Tribunal found both experts to be credible and reliable witnesses. However, there was a marked difference in their approaches to the disputed valuation issues.

16. The Tribunal was supplied with a paginated hearing bundle, which included copies of the Tribunal application and directions, the section 42 notice, deed of assignment, counter-notice, the Flat Lease, Land Registry entries, the agreed form of new lease, the experts' reports and an incomplete statement of agreed facts and disputed issues. The latter only included the second respondent's figures on the disputed issues. A revised statement was filed on 14 November, with both parties' figures, at the Tribunal's request.
17. The Tribunal inspected the Flat during the morning of 14 November, in the presence of the applicant's letting agent. It is on the ground floor at the front of the north-east block and is accessed via an open, communal entrance. It comprises a hallway/lobby, bathroom with separate WC and a small sitting room with kitchenette leading to a bedroom. There is no door dividing the sitting room and bedroom, unlike some of the comparables relied upon by the experts. The layout of the Flat matches that shown in the lease plan, whereas some of the comparables have been reconfigured. Generally the Flat was in good condition. Most of it has been redecorated and there are new kitchen units and equipment. However, the front wall in the sitting room has not been plastered or decorated.
18. The Tribunal members also inspected the communal rear gardens behind the north-east block and walked around the development so it could view the exteriors of all five blocks of flats.

The leases

19. The Flat lease was granted by Gibus (London) Limited ("*the Lessor*") to Ms Komzolik ("*the Lessee*") on 29 July 1973. The term was 99 years from 29 September 1979 and the starting ground rent was £25 per annum, increasing by £25 every 33 years.
20. The Lessee's covenants are at clause 2 and include:
 - “(d) *To keep the interior of the Flat and every part thereof including the joists and beams upon which the Flat floors are laid and all service conduits exclusively serving the Flat in good repair throughout the term hereby granted AND IT IS HEREBY AGREED AND DECLARED that there is included in this covenant as repairable by the Lessee the windows of the Flat PROVIDED ALWAYS that the Lessee shall not repair or replace any joists or beams on which the floors belonging to the Flat are laid without giving notice to the occupier of the Flat immediately below of his intention so to do stating the details of*

the work intended to be done so that the occupier of the flat below may take such precautions as he may be advised for the protection of the ceilings of the flat below and if such notice is duly and properly given the Lessee shall not be liable for any damage resulting to the ceilings of the flat below

...

(l) At the determination of the term hereby granted to yield up the Flat and all Lessors fixtures and fittings therein in tenantable repair in accordance with the Lessee's covenants herein contained"

21. It appears that Anston subsequently acquired the freehold of Gibson Gardens as it granted an intermediate lease of 1-150 Gibson Gardens to Eagil Trust Company Limited on 08 December 1998. The term was 175 years from 25 December 1984 and the ground rent was a peppercorn (if demanded) with additional rent. The intermediate lease was assigned to Anston on 06 February 2010.
22. Anston is the applicant's immediate landlord but is unable to grant a new lease under the Act, as its lease expires in December 2159. The new Flat lease will expire in September 2168. It follows that Headline is the competent landlord for the purposes of section 40(4)(b) and must grant the new lease.

The issues

23. The following matters were agreed by the experts:
 - a. Current lease term: 99 years from 29/09/1979
 - b. Term on valuation date: 60.82 years
 - c. Valuation date: 04/12/2017
 - d. GIA: 425 square feet
 - e. Deferment rate: 5%
 - f. Capitalisation rate: 7%
24. The issue in dispute were:
 - a. The freehold vacant possession ('FHVP') value of the Flat;
 - b. The relativity rate;
 - c. The unimproved existing lease value of the Flat; and
 - d. The premium payable on the grant of the new lease.
25. In relation to issue a., the experts were some way apart on their long lease value of the Flat and also took differing approaches to FHVP. Mr Nesbit increased the long lease value by 1% when calculating the sum

due to Headline but not when calculating the sum due to Anston. Mr Levy applied the 1% uplift to both.

26. Having heard evidence and submissions from the experts and considered all of the documents provided, the Tribunal has made the determinations set out below.

Long lease and FHVP values of the Flat

27. Mr Nesbit’s long lease value of the Flat was £330,650, which he increased by 1% to arrive at a FHVP value of £334,000. He relied on seven comparables; all of which were long lease flat sales at Gibson Gardens. He had adjusted for condition, floor level, size and time, where appropriate. Most of the sales were close to the valuation date. The exceptions were 70 and 72 Gibson Gardens, which had completed in November 2016. When analysing these sales, Mr Nesbit had adjusted for time using the Land Registry index for flats in Hackney.
28. Mr Nesbit’s long lease figure was the mean average of his adjusted sale prices for all seven comparables, as summarised below:

Flat no.	Description	Sale date	Sale price	Adjusted price
138 Gibson Gardens	Ground floor, two bedrooms, overlooking rear gardens and assumed to be in average condition. 615 sf.	May 2018	£450,000	£340,000
148 Gibson Gardens	Third floor, two bedrooms, overlooking rear gardens, sold at auction and stated to be in dated condition. 588 sf.	April 2018	£390,000	£305,000
86 Gibson Gardens	Third floor, one bedroom, overlooking rear gardens and stated to be in good condition. 428 sf.	October 2017	£410,000	£350,000
110 Gibson Gardens	Ground floor, one bedroom, private rear garden/patio and overlooking rear, own entrance and stated to be in average condition. 388sf.	October 2017	£390,000	£340,500

91 Gibson Gardens	Ground floor, one bedroom, overlooking estate road, stated to be in good condition and with a superior layout. 426 sf.	May 2017	£380,000	£335,000
70 Gibson Gardens	Third floor, one bedroom, overlooking rear gardens and stated to be in good condition.	November 2016	£360,000	£311,655
72 Gibson Gardens	Third floor, one bedroom, overlooking estate road and stated to be in very good condition	November 2016	£390,000	£332,395

29. Mr Nesbit made differing condition adjustments to the comparables based on the descriptions in the estate agent's particulars, as the Flat is to be valued on an unimproved basis. He relied on photographs of the Flat taken shortly after the applicant's purchase, showing it to be in poor condition. The most significant problem was rising damp along the front wall in the sitting room. This area of damp is yet to be plastered and painted. Mr Nesbit estimated that the cost of bringing the Flat up to an average standard would be £25,200. This covered; rewiring, replumbing and a new boiler, new floor finishes, full replastering and a new kitchen and bathroom. Mr Nesbit had then added a further sum of £10,000 as a profit element, giving a total differential of approximately £35,000.
30. Mr Nesbit made an adjustment of £15,000 for the comparables on the third floor, which he considered to be superior as they are quieter and more secure. He made size adjustments for 136 and 148 Gibson Gardens of £70,000 and £75,000, respectively as they each have two bedrooms. These adjustments were derived from the rental income that could be generated from the additional bedrooms, which he put at £700-800 per month. Mr Nesbit did not consider Stoke Newington to be an appropriate location to value on a price per square foot.
31. Mr Nesbit also made an adjustment of £19,500 for the benefit of the private rear patio for 110 Gibson Gardens. He considered this would command a 10% premium but halved this to 5% to reflect the smaller size of this flat.
32. As a cross-check, Mr Nesbit used the Savills Enfranchisable graph (2015) for the lease term on the valuation date to adjust the sale price of

£281,000. This produced a value of £335,000 (rounded), which was very close to his long lease value of £330,650.

33. Mr Nesbit used his long lease value, rather than FHVP, when calculating the “*other amount*” due to Anston under schedule 13 of the 1993 Act. This is because Anston has a leasehold; rather than freehold interest.
34. In cross-examination, Mr Nesbit maintained that flats at the front of the blocks were inferior as they looked onto the estate road rather than the rear gardens, notwithstanding the railway line to the rear. However, he had not made a specific adjustment for aspect. Rather this had been incorporated in his condition adjustments.
35. Mr Nesbit accepted that when making condition adjustments, one should not just look at the cost of works. Rather it is necessary to consider how a purchaser would adjust his/her bid to reflect the condition. In Mr Nesbit’s opinion, most purchasers would take account of the refurbishment costs and also build in a profit element.
36. Mr Nesbit was cross-examined on his use of two-bedroom comparables. He considered them to be useful; particularly 148 Gibson Gardens which sold at auction and was in a very similar condition to the Flat.
37. Mr Nesbit was also cross-examined on his floor adjustments. He said he had taken account of the absence of lifts at Gibson Gardens. He accepted this might deter elderly or family purchasers from bidding for flats on the third floors but pointed out they were unlikely to buy flats at Gibson Gardens.
38. Mr Levy’s long lease figure was £390,000, which he increased by 1% to reach a FHVP value of £393,900. He relied on four comparables; which were also long lease sales at Gibson Gardens. These were all sales of one-bedroom flats, close to the valuation date. Two of these had been used by Mr Nesbit (86 and 110 Gibson Gardens). The other two were:

Flat no.	Description	Sale date	Sale price
82 Gibson Gardens	Second floor, one bedroom and stated to be in good condition. 432 sf.	July 2017	£400,000
130 Gibson Gardens	Second floor, one bedroom and stated to be in good condition. 400 sf.	December 2017	£385,000

39. Mr Levy's figures were for the unimproved value of the Flat. He made no time adjustments, as the sales were all close to the valuation date. He made no adjustments for condition, as the respondents are to be compensated for not getting the Flat back when the current lease expires. Without an extension, the leaseholder at the expiry of the current term would have to yield it up in tenantable repair, in accordance with clause 2(l). Further, clause 2(d) obliges the leaseholder to keep the interior of the Flat in good repair.
40. Mr Levy made no adjustments for the differing aspects, sizes, floor levels or the private rear garden for 110 Gibson Gardens. Rather, he valued the Flat in the light of the sale prices achieved for his four comparables (£385,000, £390,000, £400,000 and £410,000). He concluded that the Flat was "*at the lower end of this scale*"; hence his figure of £390,000.
41. In cross-examination, Mr Levy acknowledged that he had not been inside the Flat. Rather, it had been viewed by his colleague (Jacqueline Alpert) as he had been off work sick on the day of the inspection. He accepted there had been some "*upgrading*" of the Flat since the valuation date but pointed out that it had not been rewired. He accepted there was an area of rising damp in the sitting room, which requires treatment and redecoration. He suggested this cost should be covered by the buildings insurance and this was reflected in the high price achieved at auction (£281,000), substantially above the original guide of £225,000.
42. Mr Levy was dubious about making condition adjustments, based on estate agents particulars as these tend to put a "*gloss*" on the properties being marketed. He also pointed out that good condition did not always equate to good repair. He estimated that the cost of putting the Flat into a similar condition to most of the comparables was £15,000-20,000 (based on its condition on the valuation date) and this might justify some adjustment when valuing the Flat. However, this did not necessarily equate to £15,000-20,000.
43. Mr Levy was also cross-examined regarding his failure to consider Mr Nesbit's other comparables. He had disregarded the sales of 136 and 148 Gibson Gardens, as these are two-bedroom flats and had disregarded 70 and 72 Gibson Gardens, as these sold more than 12 months before the valuation date. He accepted that the sale of 91 Gibson Gardens was relevant but had not included this, as he already had sufficient good comparables. In a previous tribunal case he had been criticised for using too many comparables.
44. Mr Levy accepted that the private rear patio at 110 Gibson Gardens would enhance this flat's value. He put the uplift at 5% but said this would be cancelled out by the smaller size of this flat.

45. Mr Levy did not agree that aspect has any impact on the value of the flats at Gibson Gardens. There is no benefit to looking out over the rear gardens, as the estate road at the front is quiet and the flats at the rear are only 50-60 feet from the railway line.
46. Mr Levy argued that the FHVP value should be used to calculate the sums due to both Headline and Anston, as the new extended Flat lease will be longer than Anston's intermediate lease.

The Tribunal's decision

47. The Tribunal determines that the long lease value of the Flat on the valuation date was £365,100 (Three Hundred and Sixty-Five Thousand, one Hundred Pounds) and the FHVP value was £368,751 (Three Hundred and Sixty-Eight Thousand, Seven Hundred and Fifty-One Pounds).
48. The Tribunal determines that the FHVP value is to be used when calculating the compensation due to Headline and the long lease value is to be used when calculating the other amount due to Anston.

Reasons for the Tribunal's decision

49. The Tribunal preferred Mr Nesbit's approach of making specific adjustments to the comparables to arrive at the long lease value of the Flat. This was more objective and scientific than Mr Levy's broad-brush and instinctive approach. However, the Tribunal agreed with Mr Levy that the sales of 70, 72, 136 and 148 Gibson Gardens should all be disregarded. Given there were five sales of one-bedroom flats close to the valuation date, there was no need to include the two-bedroom sales or those in November 2016.
50. The Tribunal analysed the sales of 82, 86, 91, 110 and 130 Gibson Gardens. It did not make any adjustments for size for numbers 82, 86, 91 and 130, as their floor areas are very similar to the Flat. In the case of Flat 110 it also made an adjustment for the private rear patio with a set-off for the smaller size (see paragraph 58 below).
51. The Tribunal did not make any time adjustments, as all five sales were close to the valuation date. However, it did make adjustments for condition and floor level.
52. A condition adjustment is clearly appropriate, as all five comparables were in far better condition than the Flat on the valuation date. Mr Levy's suggestion that condition should be disregarded was misconceived. The Flat is to be valued in the condition it was in on the valuation date, disregarding any tenant's improvements. It is not being valued on the condition it may be in on the term date. It follows that

differences in the condition of the comparables need to be taken into account. Mr Nesbit's table of comparables referred to the condition of Flat 110 as average but the agents particulars exhibited to Mr Levy's report described it as "*Beautifully presented*". The Tribunal has worked on the basis that all five comparables were in good condition.

53. Based on the photographs in the bundle and the auction sales particulars, the Flat was in poor condition on the valuation date and required refurbishment. Most significantly there were areas of rising damp along the front wall. The Tribunal is doubtful whether the cost of treating this damp would be covered by insurance. Even if it is, a purchaser would factor in the existence of the damp and the delay and uncertainty involved in pursuing an insurance claim when making a bid.
54. The Tribunal felt that Mr Nesbit's condition adjustments were on the high side and, having inspected the Flat and the rear of the north-east block, does not accept that front/rear aspect has any impact on value. The estate road has very little traffic and flats at the rear are probably noisier than those at the front, due to the railway line. Passing trains could clearly be heard from the rear.
55. The Tribunal made a condition adjustment of £20,000 for all five comparables. This represents the sum required to put the Flat in average condition on the valuation date and is the top end of Mr Levy's range of £15,000-20,000. Mr Nesbit's figure of £25,200 would put the Flat in good condition.
56. The Tribunal accepts that the cost of works is not the same as the uplift in value but the two are closely linked. The Tribunal agrees with Mr Nesbit that most purchasers would factor in this cost when making a bid. Many would also factor in a profit element but quantifying this is difficult and it is not always appropriate. Much depends on the purchaser profile and the strength of the property market. A developer looking to 'turn' the Flat would be looking for an immediate profit whereas an owner occupier might not. In a strong market, demand might be such that incorporating a profit element in their bids would price out potential purchasers. The Tribunal excluded any profit element and based its adjustments purely on the cost of the refurbishment works.
57. Having inspected the Flat and the exterior of all five blocks at Gibson Gardens, the Tribunal is satisfied that floor level does have an impact on value. The Flat is on the ground floor and pedestrians walk past the front windows. Although Gibson Gardens is a gated development, the gates were open and unmanned throughout the Tribunal's inspection. It appears that anyone can come in and out and security is likely to be an issue. An adjustment is required when analysing comparables on the upper floors, as these are more secure than those on the ground

floor. This is partially off-set by the staircase access and the absence of lifts. Again, Mr Nesbit's adjustments were on the high side. Based on the inspection, the Tribunal concluded that an adjustment of £7,500 is appropriate for the comparables the second floor and £5,000 for that on the third floor. The latter adjustment reflects the additional flight of stairs.

58. The Tribunal accepts Mr Nesbit's adjustment of £19,500 for the private rear patio for 110 Gibson Gardens. This is a valuable asset, particularly for a small one-bedroom flat in the middle of Stoke Newington. A 10% adjustment would normally be appropriate but this property is almost 40 square feet smaller than the Flat. Taking this into account the Tribunal agrees Mr Nesbit's adjustment of 5%, which was entirely reasonable.

59. The Tribunal reached its long lease value by taking the mean average of the adjusted sale prices for the five comparables, as set out below:

Flat no.	Sale Price	Condition	Floor-level	Rear garden	Adjusted
82 Gibson Gardens	£400,000	-£20,000	-£7,500	0	£372,500
86 Gibson Gardens	£410,000	-£20,000	-£5,000	0	£385,000
91 Gibson Gardens	£380,000	-£20,000	0	0	£360,000
110 Gibson Gardens	£390,000	-£20,000	0	-£19,500	£350,500
130 Gibson Gardens	385,000	-£20,000	-£7,500	0	£357,500

60. The Tribunal then applied an uplift of 1% to reach the FHVP value. The FHVP figure is to be used when calculating the diminution in the value of Headline's interest in the Flat, in accordance with paragraph 2 of schedule 13 to the Act. The long lease value is to be used when calculating the diminution in the value of Anston's interest, in accordance with paragraph 6 of that schedule. The difference arises because Headline's interest is freehold whereas Anston's is leasehold (under its intermediate lease).

Relativity/existing lease value of the Flat

61. Both experts used the short lease sale of the Flat as a starting point, having been unable to find other short lease sales at Gibson Gardens or

nearby. Mr Nesbit's relativity of 82.12% was based on this sale and a basket of other sources. In relation to the sale, he added his condition adjustment of £35,000, to the £281,000 price to arrive at an existing lease value of £316,000. He divided this by a FHVP figure of £368,650, representing the long leasehold value (£330,000) plus £35,000 and 1%. He then adjusted by 4.5% for 1993 Act rights to arrive at a relativity of 81.92%,

62. Mr Nesbit also used four other sources; the average of the Greater London and UK graphs in the 2009 RICS research report "*Leasehold Reform: Graphs of Relativity*" (excluding South East Leasehold) of 85.57%, the Savills 2015 Enfranchisable graph figure of 79.96%, the Savills 2002 Enfranchisable graph figure of 81.68% and the Gerald Eve 1996 graph figure 81.49%. He had adjusted the figures from the two Savills' graphs by 4.5% for Act rights. The range of all five sources was 79.96-85.57%, with a mean average of 82.12%. Mr Nesbit also pointed out that his analysis of the Flat sale gave a relativity that was very close to the "*most commended graphs*" (Savills 2002 and Gerald Eve) considered by the Upper Tribunal in ***The Trustees of the Sloane Stanley Estate v Mundy & Others [2016] UKUT 223 (LC)***.
63. In cross-examination, Mr Nesbit explained that he had excluded South East Leasehold when taking an average of the RICS graphs as this was the only "*outlier*" (even though it was much higher and would have assisted his client). He had used Gerald Eve's 1996 graph, rather than its 2016 graph, as this was adopted in ***Mundy***.
64. In his valuation report, Mr Levy proposed a relativity of 67.77%. This represented the sale price of the Flat (£281,000) adjusted by 5% for Act rights and divided by his FHVP value of £393,900. In cross-examination, he suggested it was unnecessary to refer to relativity graphs where short lease evidence was available. On questioning from the Tribunal he said it would not be "*unfair to consider graphs*" and suggested a blend of the Savills 2015 Unenfranchisable and the Gerald Eve 2016 graphs. At the Tribunal's request, he agreed to produce a revised valuation using this blended approach.
65. During the course of the hearing, the experts agreed the adjustment for Act rights at 4.75%.
66. Mr Levy produced his revised valuation under cover of a letter dated 14 November 2018. The blended approach produced a higher relativity of 75.2%, being the mean average of the Savills 2015 Unenfranchisable graph (78.84%), the Gerald Eve 2016 Table of Relativities (78.81%) and the sale price of £281,000, adjusted by 4.75% for Act rights (67.95%). In his covering letter, Mr Levy reiterated that the Flat sold at auction for some 25% above its original reserve.

The Tribunal's decision

67. The Tribunal determines the relativity at 80.40%

Reasons for the Tribunal's decision

68. The Tribunal preferred Mr Nesbit's combined approach of analysing the Flat sale and looking at a basket of other sources. Initially, Mr Levy looked solely at the Flat sale. With some encouragement from the Tribunal, he revised this approach and blended the flat sale with two graphs. However, this was an afterthought and it appears to the Tribunal that he 'cherry-picked' the graphs that best suited his client. This can be contrasted with Mr Nesbit who had used a broad approach from the outset and who fairly excluded the outlying South East Leasehold figure, when taking an average the RICS graphs.

69. The Tribunal adopted Mr Nesbit's approach to relativity and took a mean average of the relativities from his five sources. In relation to the Flat sale, it adjusted the price by £20,000 to arrive at an average condition value of £301,000 and discounted this by the agreed rate of 4.75% for Act rights. It then divided the adjusted value of £286,793 by an adjusted FHVP value of £388,951 (£365,100 plus £20,000 x 1.01) to arrive at a figure of 73.71%.

70. The Tribunal adjusted the figures from the two Savills' graphs by 4.75% for Act rights and then took the average of all five rates, as shown below:

• Adjusted Flat sale	73.71%
• Average of Greater London and UK RICS graphs (excluding South East Leasehold)	85.57%
• Savills 2015 Enfranchiseable graph	79.75%
• Savills 2002 Enfranchiseable graph	81.47%
• Gerald Eve 1996 graph	81.49%

Summary

71. Having determined the long lease value at £365,100, the FHP value at £368,751 and the relativity at 80.40%, the Tribunal determines that the premium payable to Headline is £2,045 and the other amount payable to Anston is £43,594, as set out in the attached schedule.

Name: Tribunal Judge Donegan **Date:** 04 January 2019

Schedule
Valuation for lease extension
60 Gibson Gardens, London, N16 7HD

Valuation Date	04/12/2017		
Lease Commencement	29/09/1979		
Expiry date	28/09/2078		
Lease Term	99.00	years	
Unexpired Term	60.82	years	
Head lease expiry date	25/12/2159		
Unexpired Term	142.05	years	
Long Lease value	£365,100		
Freehold VP value	£368,751	+1% long lease value	
	Term 1	Term 2	Term 3
Ground rent	£25.00	£50.00	£75.00
Reversion years	0.00	27.82	33.00
Capitalisation rate	7%		
Deferment rate	5%		
Compensation	£0.00		
Relativity	80.40%		

Value of Landlord's interest

Ground rent				£25	
YP	0.00	yrs @	7.00%	0	
					£0
Rent Review 1				£50	
YP	27.82	yrs @	7.00%	12.11078438	
PV of £1	0.00	yrs @	7.00%	1	
					£605.54
Rent Review2				£75	
YP	33.00	yrs @	7.00%	12.75379002	
PV of £1	27.82	yrs @	7.00%	0.152245093	
					£145.63
Reversion to VP value				£368,751	
PV	60.82	yrs @	5.00%	0.05143596	

ANNEX - RIGHTS OF APPEAL

1. 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.
2. 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.
3. 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.
4. 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.