Rob Perrins, CEO of Berkeley (St George), has blamed the toxicity of leasehold on the "poor behaviour" of landlord freeholders. This would include Berkeley.

It trumpets that its "mission is simple: to be a trusted landlord of exceptional homes in vibrant communities, with the interests of leaseholders at the heart of all its decisions, making them feel valued". Far from it. At the outset, it sold a big chunk of the development to a company rooted in the Cayman Islands and controlled by Vincent Tchenguiz (google for his details). This new landlord was not interested in anything except the vibrancy of the ground rent. And extracting a fee for permission to keep a pet. A witness recently before the Housing Committee asked the rhetorical question: "Is a financier like Vincent Tchenguiz a very probable person to look after your granny in a retirement flat?"

Berkeley's vaunted claim is shoddy. Look at its handling of the VAT case. Berkeley was required under the lease to provide services and to pay for "the employment of such persons as may be necessary" for that purpose. It employed a managing agent to provide those services (for it, the landlord, not for the leaseholders). The managing agent *itself* then employed the staff (which should have been employed by the landlord). This attracted VAT of about £240 000 per annum which would not have been the case had Berkeley employed the staff, as required by the lease. Berkeley simply put it on the service charge without discussion. It was not a decision made with the interests of leaseholders at its heart. Berkeley became hostile when we complained that it increased our over-sized service charge. They were not interested. Their own KC advised that the whole issue could be resolved through RTM. We agreed but Berkeley refused to discuss it.

Berkeley had created a complex structure of multiple landlords which (they said) made it impossible to employ staff with joint employers. But we have staff in effect employed by two managing agents. It contended that direct employment of staff (as per the lease) would involve additional administration service-chargeable costs in excess of £500 000 per year, more than any VAT savings. That is obviously incorrect. It also contended HMRC *might* show an

interest in the direct employment as a tax avoidance scheme – but agreed it was unlikely. Again obviously incorrect.

Berkeley intimated the case was of importance for developers and landlords throughout the country. So they employed 8 barristers (4 are KCs), a host of solicitors and their retinues, plus a number of experts. The FTT (a forum for the resolution of landlord/tenant disputes with minimal cost and formality) agreed with Berkeley and, like Berkeley, showed no concern about the serious increase to our service charge.

We lost and Berkeley then said they had run up costs of £3 million (probably a record for the FTT) which the leaseholders of both St George Wharf and Battersea Reach should pay through their service charge. We objected because our lease excluded the landlords from any entitlement to recover costs. Yes, they said, that is what the lease actually says but the hundreds of leaseholders who signed the lease (and paid hundreds of thousands of pounds for it) were stupid not to have seen it was an error. The FTT refused to hear our submissions that, in fact, there was no error. So we have reached the position where Berkeley is asserting a claim for costs of about £1.5million costs from the Battersea Reach leaseholders (with a similar amount from the St George Wharf leaseholders) incurred in opposing our leaseholders' claim that it was unreasonable for them to have increased the service charge by at least £240 000 per annum and, furthermore, that it refuses to abide by our lease (carefully drafted by their solicitors) which clearly states they have no right to claim costs. And they say they are a trusted landlord.

Our audited service charge accounts for 2021, 2022 and 2023 certify that no litigation costs were incurred, but with a notation that they were "contingent liabilities." This means they were potentially rather than actually incurred. Berkeley say they notified all leaseholders (in 2022 and 2023) that the costs had been incurred and would be claimed through the service charge. But the certified accounts say they were not actually incurred, and the lease stipulates certified accounts are binding on the parties. That could mean that the notices were invalid – if they were in fact received by leaseholders, which we have challenged. But Berkeley (we are told) are having those certified accounts re-

audited so that the costs can be brought into the accounts. They believe this would enable them to claim the costs from the leaseholders. This exercise, it seems irregular, has been going on for many months. We have no idea if and when it will be concluded. R&R have informed us that it still being "considered". In the interim the service charge accounts for 2024 have not been presented (they are a year overdue).

There is likely to be strong opposition to any demands that might be made, and to the amount of the costs: our barrister describes them as "grossly disproportionate and, therefore, unreasonable." This will all be discussed before any action is taken. Leaseholders who decide to pay any demands received should clearly indicate they are made "under protest".

As Mr Perrins says, the toxicity of leasehold is because of the "poor behaviour" of landlord freeholders. We cannot even trust Berkeley to produce reliable accounts. The sooner we have the RTM, the better.