IN THE VALUATION TRIBUNAL FOR ENGLAND
IN THE MATTER OF A 2017 RATING LIST APPEAL

Case No: CHG101089016

Sitting remotely using
Microsoft Teams

Date: 30 October 2025

2017 Rating List Appeal: challenge against compiled list entry; warehouse and premises; uplifts not in dispute; Lotus & Delta v Culverwell (VO) and Leicester City Council [1976] RA 141; *accuracy of rateable value; appeal dismissed.*

Between:

LOTUS GROUP LTD — **Appellant**

- and -

NICOLA JOHNSON
(VALUATION OFFICER) — **Respondent**

Regarding:
LOTUS GROUP LTD, 37-39 QUEEN ELIZABETH STREET, LONDON SE1 2BT
(the "subject property")

Mr A Marshall of Conneely Tribe (on behalf of the appellant as advocate and expert witness)
Mr H Hirane (on behalf of the respondent and expert witness)

Hearing date: 3 October 2025

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is dismissed.

2. The Tribunal confirmed the current rateable value (RV) of £477,750 with effect from 1 April 2017.

Introduction

3. This appeal had been brought in respect of Lotus Group Ltd, 37-39 Queen Elizabeth Street, London SE1 2BT (the subject property), which was entered in the 2017 Rating List as ‘office and premises’ at an RV of £475,000 effective from 1 April 2017 which was increased to £477,500 with effect from 1 April 2017 in the Challenge Decision Notice.

4. The appellant’s Challenge was submitted on 13 July 2023 and sought a reduction in the RV to £395,000 with effect from 1 April 2017. The appeal to this Tribunal was made on 13 May 2025, following the (Valuation Officer’s) VO’s Decision Notice of 15 January 2025 in respect of the subject property.

5. In accordance with regulation 13A of the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009, the appeal to this Tribunal has been made on the grounds that the valuation for the hereditament is not reasonable.

6. The subject property is a standalone former Victorian warehouse which was converted into offices in the 1980’s. It is located south of the river Thames directly to the east of Tower Bridge Road. It includes ground to fifth floor comprising of 1,444.50m^2 with each of the six floors consisting of approximately 247m^2. It has double glazed windows, a passenger lift and toilet facilities as well as comfort cooling and raised floors. It had a dated second-hand office specification albeit that it was in good order.

7. Mr Marshall appeared on behalf of the appellant as both advocate and expert witness. Therefore, it was important to ascertain if there was a success related fee involved and if so whether its existence was compatible with his obligations to the tribunal as an expert. This question was raised in view of the Upper Tribunal’s judgment in *Gardiner & Theobald LLP v David Jackson (VO)* [2018] UKUT 0253 (LC). Mr Marshall confirmed that he was instructed under a contingency fee and he declared that he understood and accepted that his duty was to the Tribunal in giving his evidence and that he would comply with this as well as the requirements of his professional body, regardless of whether or not the evidence supported his client’s case.

8. The panel accepted this expert witness evidence on the above basis as the appeal was not complex and to do otherwise would be contrary to regulation 3 (Discharge of VTE functions – general) of the Procedure regulations and was allowable due to the Tribunal’s rules on admissibility of evidence (regulation 17(2)(a) where the Tribunal can admit evidence whether or not it would be admissible in a civil trial).

9. The panel therefore considered the expert evidence and attached such weight to it as it saw fit.

10. This statement of reasons is not and does not purport to be a full verbatim record of proceedings.

Relevant Law

11. The panel is governed by Schedule 6 to the Local Government Finance Act 1988 as amended by the Rating (Valuation) Act 1999, which provides that:

> 2(1) The rateable value of a non-domestic hereditament none of which consists of domestic property and none of which is exempt from local non-domestic rating shall be taken to be an amount equal to the rent at which it is estimated the hereditament might reasonably be expected to let from year to year on these three assumptions—
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> (a) the first assumption is that the tenancy begins on the day by reference to which the determination is to be made;
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> (b) the second assumption is that immediately before the tenancy begins the hereditament is in a state of reasonable repair, but excluding from this assumption any repairs which a reasonable landlord would consider uneconomic;
>
> (c) the third assumption is that the tenant undertakes to pay all usual tenant's rates and taxes and to bear the cost of the repairs and insurance and the other expenses (if any) necessary to maintain the hereditament in a state to command the rent mentioned above.

12. In respect of an appeal against an entry in the 2017 rating list, the rental levels are to be taken as those passing at the antecedent valuation date (AVD) of 1 April 2015, in accordance with the Rating Lists (Valuation Date) (England) Order 2014 (SI 2014 No. 2841).

13. The material day (the date by which physical factors have to be taken into account) was provided by the Non-Domestic Rating (Material Day for List Alterations) Regulations 1992 (SI 1992 No. 556) as amended. In respect of the subject appeal, the material day is 1 April 2017 being the commencement date of the 2017 rating list.

Issue

14. The parties had agreed the floor area at 1,444.50m^2 being approximately 247m^2 per floor. The issue for the panel to make a finding on was the correct base rate per square metre to apply to the subject property. The VO had used a revised rate of £330.75/m^2. This consists of a base rate of £300/m^2 with an uplift of 5% for the comfort cooling system and another 5% for the raised floors. The appellant's agent however contended that the base rate should be £250/m^2 with an uplift of 5% for the comfort cooling system and 5% for the raised floors which gives a revised rate of £275/m^2.

Discussion

15. The panel first took into account Mr Marshall's submissions. His first was that he did not dispute the tone for the subject property and so had not produced any rental evidence. The panel found that the tone for the 2017 rating list was established after a number of Challenges had been raised and settled or RV's determined by the Valuation Tribunal for England on similar properties including some in the same building as the subject property.

16. The panel considered the rental growth indices collected by CoStar that the appellant had put into evidence. The panel noted that this data demonstrated the level of growth in the Southbank East showed a level of growth in office values at 8.5% between the AVD for the 2010 and the AVD for the 2017 rating lists. Mr Marshall submitted that in applying that rate of growth to the subject property it would give a revised rate for the subject property at the AVD of £245/m^2. The difference between the basic rate under the current list entry was a 47% increase which was not supported by the CoStar indices. The panel put little weight on this evidence as the CoStar indices relied upon the headline rent of the properties included in the indices and did not take into account any incentives or other specific terms in the lease of the properties used by CoStar. The panel found that these would need to be included as an adjustment to the rent in order to be used for rating purposes. The panel preferred to rely on actual rents on similar comparable properties in the vicinity of the subject properties around the AVD.

17. The panel then took into account the comparable properties put into evidence by the appellant. There were fifteen properties the majority of which were converted Victorian warehouses in the vicinity of the subject property. Mr Marshall compared the increase in rental value in the 2010 rate with that in the 2017 list. This he submitted demonstrated that the differential between the two lists was between 5.5% and 23% with the majority being 23%. Mr Marshall placed particular weight on the property 136-148 Tooley Street as this had been challenged in the 2017 list. This property had a 2010 list value which was based on £255/m^2 and after it had been challenged it was reduced in the 2017 rating list from £402/m^2 to £315/m^2. This, Mr Marshall explained, was in line with the differential between the two rating lists as demonstrated in the other comparable properties he had supplied. The panel found that each rating list had a different AVD and took into account the economic factors and the state of the market at those particular dates. The panel found that in rating terms therefore it was not appropriate to compare the percentage differential between lists to arrive at the correct RV for a property. The panel therefore put little weight on this evidence.

18. The panel then turned to the VO's evidence. The VO had relied upon the six propositions as laid out in the case of *Lotus & Delta v Culverwell (VO) and Leicester City Council* [1976] RA 141. The first two propositions are:

> (1)Where the hereditament which is the subject of consideration is actually let, that rent should be taken as the starting basis.
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> (2)The more closely the circumstances under which the rent agreed both as to time, subject matter and conditions relate to the statutory requirements contained in the definition of gross value in section 19(6) of the General Rate Act 1967 the more weight should be attached to it. (These statutory requirements now contained in Schedule 6, Para 2 (1) Local Government Finance Act 1988 (as amended by the Rating (Valuation) Act 1999)).

19. The panel noted that the subject property was owned and occupied by the appellant and so there was no rental evidence available. It therefore had to consider the basket of evidence of similar comparable properties in the vicinity of the subject property.

20. The panel therefore looked to the comparable properties provided by the VO. The third and fourth propositions set out in *Lotus and Delta* were considered by the panel in regard to the comparable properties put into evidence by the VO:

(3) Where rents of similar properties are available, they too are to be properly looked at through the eye of the valuer in order to confirm or otherwise the level of value indicated by the actual rent of the subject property.

(4) Assessments of other comparable properties are relevant. When a valuation list is prepared these assessments are to be taken as indicating comparative values estimated by the valuation officer. In subsequent proceedings on that list therefore they can be properly be referred to as giving an indication of that opinion.

21. The panel considered the two comparable properties in the vicinity of the subject property put into evidence by the VO which formed part of the basket of evidence. The first was 2nd Floor, 21-27 Queen Elisabeth Street which had a total area ITMS of 377.46m^2. There was a new lease on this property on 30 September 2013 which was assumed to be on FRI terms. The rent on that property was £124,860 which analysed to £300/m^2. The panel put weight on this comparable property as it was on the same street as the subject property and had a new lease with a clean rent approximately eighteen months before the AVD and it therefore required no adjustment. The second comparable property was 3rd Floor Nutmeg House which had an ITMS of 149.1m^2. It had a lease renewal on a five year lease with four months rent free period but was not on FRI terms. The rent on this property was £87,890 which analysed to £300/m^2. It had an effective date of 1 January 2015 which was three months before the AVD. The panel noted that the size of both of these comparable properties were very similar to the size of a floor in the subject property and so put weight on them. The comparable properties supported the current base rate on the subject property.

22. The panel now turned to the fifth and sixth propositions from *Lotus and Delta*, namely:

(5)In light of all the evidence an opinion can then be formed of the value of the appeal hereditament, the weight to be attached to the differing types of evidence depending on the one hand the nature of the actual rent and on the other hand, on the degree of comparability found in other properties.

(6) In those cases where there are no rents available of comparable properties a review of other assessments may be helpful but, in each circumstance, it would be difficult to reject the evidence of the actual rent.

23. The panel then considered the settlement evidence provided by the VO. The settlement evidence included four comparable properties which were settled by Altus Group. They all had a total significant area of between 138.7m^2 and 406.33 m^2 and were settled for between £275/m^2 and £330/m^2. The panel noted that these were agreed settlements on comparable properties with a total significant area of a similar size to the floors in the subject property. The final settlement was on an office with a total significant area of 218.5m^2 which settled for an adopted price of £300/m^2. Mr Hirani submitted that these comparable properties included properties which were inferior to the subject property in his opinion. Several of them were in buildings which were Pre 1900 the same as the subject property. The panel put weight on these settlement details and noted that they supported the basic price of £300/m^2 for the subject property.

24. The panel found that there was a settled tone based on comparable properties of a similar type in the vicinity of the subject property at £300/m^2. The VO had further supplied rental evidence on comparable properties which the panel found persuasive and which supported that tone. The panel put weight on the VO's comparable properties which were similar in size to the size of each floor of the subject property which vacant and to let the subject property

could be let separately. It also noted that one of those comparable properties had a new lease on it and the other was a lease renewal close to the AVD. Therefore, in line with the fifth and sixth propositions in *Lotus and Delta* the panel found the basket of evidence supported the basic rate of £300/m^2.

25. In appeals of this nature the burden of proof was on the appellant to provide evidence to demonstrate that the RV of the subject property was unreasonable. The panel found that the appellant had failed to discharge this burden. Both parties had already agreed that there should be a 5% uplift for comfort cooling and a 5% uplift for raised floors and that it was only the base price that the panel had to make a finding on. The evidence put in by the appellant's agent was of comparisons using indices from CoStar and the RV differentials on comparable properties in the 2010 list to the 2017 list. This the panel found that it was bound by the method as laid down in the binding case of *Lotus & Delta* and so could put little weight on that argument particularly as there was comparable rental evidence available in this case. The VO had provided evidence of rental comparisons and settlements which the panel placed weight on and which supported the basic rate of £300/m^2. The panel was therefore satisfied that the current assessment for the subject property was reasonable.

Determination

26. In view of the above findings and conclusions, the Tribunal was satisfied that the current RV of £477,500 with effect from 1 April 2017 was reasonable and dismissed the appeal.

Right of further appeal

27. Any party who is aggrieved at the Tribunal's decision, and who appeared or was represented at the hearing, has a statutory right of further appeal to the Upper Tribunal (Lands Chamber) pursuant to Regulation 42 of the Tribunal Procedure Regulations. A party does not require permission to appeal from the Tribunal. Any appeal must be made directly to the Upper Tribunal (Lands Chamber) within **four weeks** of the date this decision and statement of reasons is issued.

28. Further information regarding this statutory right of further appeal, and the parties' other rights, is contained in the guidance booklet "*A guide to tribunal decisions"* available on the Tribunal's website at www.valuationtribunal.gov.uk/guidance-booklets/.

Mr WJ Read, Senior Member (Presiding)

Mr S Muldoon, Member

30 October 2025

Miss F Willson
Clerk to the Tribunal
Date issued to the parties: 30 October 2025