IN THE VALUATION TRIBUNAL FOR ENGLAND
IN THE MATTER OF A 2023 RATING LIST APPEAL

Case No: CHG101173575

Sitting remotely using
Microsoft Teams on
13 February 2026

Date: 11 March 2026

SCHEDULE 11 TO THE LOCAL GOVERNMENT FINANCE ACT 1988

2023 Rating List Appeal: challenge against compiled list entry; offices and premises; accuracy of rateable value; Lotus & Delta v Culverwell (VO) and Leicester City Council [1976] RA 141; *appeal allowed in part.*

Before:
MR AN BACKWAY
MR CM TAYLOR & MRS B REDMOND

Between:

ARALON ADVISORY SERVICES LIMITED
SIGNET CAPITAL MANAGEMENT LTD — **Appellants**

- and -

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

Regarding:

3RD FLR RR & 5TH FLR,27, KNIGHTSBRIDGE, LONDON SW1X 7LY
(the “subject properties”)

Mr M Evans from Ryan Property Tax Services (as advocate and expert witness on behalf of the appellants)
Ms A Hodgson (as advocate only on behalf of the respondent)

DECISION AND STATEMENT OF REASONS

DECISION

1. The appeals were allowed-in-part.

2. The Tribunal confirms the correct rateable value (RV) for the 5th Floor was £497,500 and for the 3rd Floor £262,500 with effect from 1 April 2023.

STATEMENT OF REASONS

Introduction

3. These appeals had been brought in respect of 3rd Floor RR and 5th Floor 27 Knightsbridge London SW1X 7LY (the subject properties), which were entered in the 2023 Rating List as 'offices and premises' with 3rd Floor at an RV of £275,000 and 5th Floor at an RV of £520,000 effective from 1 April 2023.

4. The appellant's Challenges were submitted on 15 January 2024 and sought a reduction in the RV for 3rd Floor to £237,500 and for 5th Floor to £445,000 both with effect from 1 April 2023. The appeals to this Tribunal were made on 14 September 2025, following the Valuation Officer's (VO) Decision Notices of 19 July 2025 in respect of the subject properties.

5. The subject properties were two floors in a building of purpose built offices constructed in the 1990's overlooking Hyde Park. They are located close to world-renown retailers and restaurants. There are two underground stations in close proximity to the subject properties allowing quick and easy access to London and Heathrow airport. The 3rd Floor offices had an area of 395.396m^2 and the 5th Floor offices had an area of 744.5m^2.

6. 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 was not reasonable.

7. Mr Evans appeared on behalf of the appellants 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 Evans 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 clients' cases.

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.

Issue

11. The issue for the panel to make a finding on was the unadjusted rate for the subject properties. The VO determined a rate on both floors of £700/m^2 with RV's of £275,000 and £520,000 respectively was reasonable. The appellant submitted that the rate was too high and that an unadjusted rate of £600/m^2 was reasonable giving RV's of £237,500 and £475,000 respectively.

Relevant Law

12. In arriving at a decision, the panel is governed by rating legislation laid down by Parliament where Schedule 6 to the Local Government Finance Act 1988 as amended by the Rating (Valuation) Act 1999, 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—
>
> (a) the first assumption is that the tenancy begins on the day by reference to which the determination is to be made;
> (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.

13. In respect of an appeal against an entry in the 2023 rating list, the rental levels are to be taken as those passing at the antecedent valuation date (AVD) of 1 April 2021, in accordance with the Rating Lists (Valuation Date) (England) Order 2014 (SI 2014 No. 2841).

14. 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 appeals, the material date is 1 April 2023 being the commencement date of the 2023 rating list.

Discussion

15. The appeal hereditaments must be valued for the purpose of non-domestic rating on the basis of the rent at which it might reasonably be expected to let from year to year on a number of assumptions (see paragraph 2(1) of Schedule 6 to the Local Government Finance Act 1988). The date of the hypothetical rent was 1 April 2021.

16. The panel turned to the six propositions set down in *Lotus & Delta v Culverwell (VO) and Leicester City Council* [1976] RA 141 which was binding on this panel. 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.

(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)).

17. The panel noted that the appellant had used the rent on the 5th floor in connection with the appeal on the 3rd floor and the 3rd floor rent in connection with the dispute on the 5th floor. The panel noted that the two rents were:

(1) The panel noted that the rental evidence on the 5th Floor rent arose from a new lease dated 11 March 2021, only a few days prior to the AVD, and therefore considered it to incorporate the market effects of Coronavirus. The rental evidence on the 5th floor was a new lease dated 11 March 2021 only days away from the AVD and so taking into account Coronavirus. It was an arm's length transaction let in Cat B state for a term of five years with a six month rent free period on full FRI terms. It had a half rent for the first 22 months and then full rent. Mr Evans argued that there was no need for a period for fit out to be included and that the rent of £602,755 per annum analysed to £581/m^2 . The panel noted that the VO had analysed the rent with a three month notional fit out period rather than the actual five months the appellant took to carry out its fit out which resulted in a figure of £667/m^2.

18. The rental evidence for the 3rd floor related to a ten year lease with an effective date of 4 August 2021 with a rent of £268,947 per annum. The rent included a 28 month rent free period which included one month for the removal of the old fit, three months for the fit out and then 24 months as an incentive. The panel noted that in the photographs for that property it was only in a Cat A state when let out. This therefore required an adjustment of £50/m^2 to be incorporated in the analysis. Mr Evans analysis led to an unadjusted rate of £662/m^2 and Ms Hodgson calculated an analysed figure of £729.27/m^2 including a three month notional fit out period.

19. The panel placed significant weight on the appellant's submission that the fifth floor was already fitted out to a Cat B standard at the start of the tenancy. In response to questions from Ms Hodgson, Mr Evans confirmed that the appellant took five months before moving in to complete the alterations they considered necessary. The panel noted that, prior to occupation, the appellant chose to install a raised floor, add partitioning, adjust the lighting, and replace the carpet. These works were carried out at the appellant's discretion, and some amounted merely to repairs. In the panel's view, this supported the argument that the premises required a period for fit out when the lease commenced and that this needed to be taken into account in the analysis of the rental bid.

20. The panel therefore concluded that an adjustment to the rent analysis was required to reflect the rentfree period during which the additional works were carried out. However, some of these works, such as carpet replacement, were in the nature of repairs, while others were simply tenant-specific customisation. As a result of some of these works the panel determined that a notional three month fitout period was appropriate. It further found that the VO, in its rent analysis, had already allowed for a three month fitout period, resulting in an analysed rent of £667/m². The panel noted that this analysed rent was derived from a new lease agreed only days after the AVD and satisfied the statutory assumptions

21. In the case of the 3rd floor the appellant submitted that firstly the rent had to be adjusted to tone it to the AVD which in his submission required a 7% (1% per month) toning. The panel found that as the work to upgrade the old fit out to a Cat B standard the notional fit out time period was three months. The panel found that the rent on 3rd floor would require a substantial amount of adjustments to bring it in line with the statutory assumptions and so placed little weight on it. Although these were the rent on the subject properties and so should be given the strongest weight in accordance with the case of *Lotus and Delta* the subject property rent was the starting point but not the only evidence when determining the correct unadjusted rate on a property in fact a basket of other rental evidence was required.

22. The panel therefore looked to the comparable properties provided by both parties. 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 both parties:

> (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.

23. The panel then turned to the other comparable rental evidence put in by the VO. This related to Ground Floor 27, Knightsbridge which was a lease renewal. The lease renewal took place on 25 March 2021 with a rent of £312,313. The panel noted that this property was in the same building as both subject properties and the rental evidence close to the AVD. The rent on this comparable property was analysed by the VO to £880.94/m^2 but Mr Evans had analysed it to £536.66/m^2. Mr Evans drew the panel's attention to the fact that it was not clear if this rent was an open market rent or whether any adjustments were required as a result of the terms of the lease renewal. The panel found that the details of the Ground Floor lease renewal were not clear and it was in any event a lease renewal carried less weight than a new lease and it therefore placed little weight on this evidence.

24. 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.

25. The panel noted that, in appeals of this nature, the burden of proof rests with the appellants to demonstrate that the rateable values of the subject properties were unreasonable. The panel found that the appellants had met this burden. However the only comparables Mr Evans relied upon were the subject properties themselves, each being presented as the comparable for the other, and no additional evidence was included in their basket of evidence.

26. The panel considered the new open-market letting of the 5th Floor, with an analysed rent of £667/m² to be persuasive. As neither party argued that the two subject properties should be valued at different unadjusted rates. The panel determined that the appropriate unadjusted rate should be the same for both subject properties. The panel placed significant weight on the Valuation Officer's analysed rent for the 5th Floor when establishing a tone for both properties. Considering the VO's analysis of £667/m², alongside Mr Evans' figures of £581/m² and £662/m² for the two subject properties, the panel concluded that an unadjusted rate of £665/m² was reasonable.

27. In view of the above findings and conclusions, the Tribunal is satisfied that the current assessment was excessive. The panel determined that the unadjusted rate should be reduced from £700/m^2 to £665/m^2 on both subject properties. This resulted in an RV of £262,500 for 3rd Floor with effect from 1 April 2023 been shown below:

Floor	**Description**		**£/m^2**	**Value (£)**
Third	Office	395.98	665	263,327
			Sub total	263,327
Say £262,500 Rateable Value, with effect from 1 April 2023				

28. In connection with 5th Floor this resulted in an RV of £497,500 with effect from 1 April 2023 as shown below:

Floor	**Description**	**Area m/^{2}**	**£/m^2**	**Value (£)**
Fifth	Office	744.5	665	495,093
	Additional Features			
	Surfaced Covered Spaces	1	3,750	3,750
			Sub total	498,843
Say £497,500 Rateable Value, with effect from 1 April 2023				

Conclusion

29. In view of the above findings and conclusions, the Tribunal confirms the RV of £262,500 for the 3rd floor and £497,500 for the 5th floor both with effect from 1 April 2023 and allowed the appeal in part.

30. Accordingly, we order the Valuation Officer to reduce the 2023 Rating List entry to the RV for the 3rd Floor of £262,500 and the 5th floor £497,500 both with effect from 1 April 2023 within two weeks of the date of this Order.

31. A refund of the paid fee will now be arranged (Regulation 13E of the NDR Alteration of Lists & Appeals Regs) provided there is no review of the Tribunal's decision. The refund will take around six weeks to process

Right of further appeal

32. 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) using Form T385 (Notice of appeal) within **four weeks** of the date this decision and statement of reasons was issued.

33. 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 AN Backway, Senior Member (Chair)
Mr CM Taylor, Senior Member
Mrs B Redmond, Member
11 March 2026

Miss F Willson
34. Clerk to the Tribunal
Date issued to the parties: 11 March 2026 (re-issued 18 March 2026)

Amended decision in accordance with Regulation 39 of the Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 due to a clerical error. Paragraph 26 is amended to substitute "£262,500" for "£263,000". In paragraph 27 to add Surfaced Covered Spaces, 1, and substitute £497,500 for £495,000