

Revaluation 2026
Commercial Committee
Practice Note 26
Valuation of Theatres

1.0 Introduction

1.1 This Practice Note applies to the valuation of traditional Theatres.

2.0 Basis of Valuation

2.1 Theatres are valued by application of the Comparative Principle with reference to rents as a percentage of Turnover (excluding VAT).

3.0 Adjustment of Turnover

All sources of Income taken should be totalled without adjustment except for the following:

3.1 Artistes' Costs

Where the Artistes Costs exceed the total of box office and grant income then consideration may be given to an allowance to the box office element only. The amount of adjustment to box office turnover will depend upon the amount by which the artistes' costs exceed the total of box office and grant income. Under this heading an allowance of 15% would be the maximum.

3.2 Lets to Production Companies

Where the theatre operator lets the premises to production companies the amount taken at the box office from these productions will not normally be reflected in the total income returned as the production companies usually retain box office receipts. Adjustment will therefore be required to ensure that the turnover adopted for valuation purposes reflects the annual hypothetical achievable turnover.

3.3 Refreshment Areas

Where income is generated from any café, restaurant or licensed bar and this part of the premises is in direct competition with nearby licensed premises and/or restaurants, consideration should be given to excising this element of income from the turnover and valuing this part of the premises in comparison to similar subjects in the vicinity. In such cases resultant valuations may require adjustment to reflect the composite nature of the subject valued.

3.3.1 Lets and Franchises of Refreshment areas

Where rental income or its equivalent is received from any sublet or franchise of the café, restaurant or bar such income should not be included with turnover and should instead be added direct to NAV at 50% representing the notional annual equivalent of that element on the statutory terms.

4.0 Valuation

- 4.1 The turnover adopted should represent the annual amount considered to be the hypothetical achievable level in the year to 31 March 2025. The actual turnover for the period prior to 2025 should be examined, with the most relevant being for the year to March 2025 (or nearest accounting period).

The appropriate percentage from Table 1 should be applied to this figure.

4.1.1 Table 1

Adjusted Hypothetical Achievable Turnover	
Less than £1,000,000	3.5%
£1,000,000 - £1,999,999	4 %
£2,000,000 - £3,000,000	4.5%
Over £3,000,000	5 %

Where turnover is not known comparison may be made with similar subjects on an adjusted turnover per seat basis. A weighting should be applied to each section of seating in accordance with Table 2.

4.1.2 **Table 2**

Part of House	Weighting
Premium Seats	1.05
Front Stalls	1.00
Rear Stalls	0.90
Circle	1.00
Upper Circle	0.70
Balcony	0.50