

31 January 2024

Mr Brian Stanley T.D.,  
Cathaoirleach,  
Committee of Public Accounts  
Leinster House  
Dublin 2  
D02 XR20

**BY EMAIL ONLY: [pac@oireachtas.ie](mailto:pac@oireachtas.ie)**

**RE: UPDATE ON CITY CENTRE CAMPUS**

Dear Cathaoirleach,

I write to update you on an important outstanding issue in regard of our City Centre Campus.

Red Book valuations of the site and building were instigated by the Strategic Governance Committee, which reports to the Executive Committee and through it to Governing Authority, through an appropriate procurement process in August 2023. Red Book valuations are formal opinions of value that can be relied upon by the instructing party, of the market value of the City Campus site (former Dunnes Stores building) when it was purchased in 2019 and its current market value.

The valuation report on the UL City Centre Campus was carried out by Power Property Ltd. It advised UL in relation to the market value of the building as of 5 April 2019 and 30 September 2023. The report was completed by the valuer in December 2023 and has been considered by the Executive Committee while being conscious of commercially sensitive information utilised in the preparation of the valuation report.

Yesterday, 30 January 2024, a respective memorandum regarding the valuation was submitted to the Governing Authority, the details of which are synopsised below.

In the opinion of the valuer, the commercial property market in Limerick in 2019 was considered strong at that time, particularly the Office Sector. The valuer adopted the comparable valuation method and considered a range of comparable sales in the locality. In the valuer's opinion, the purchase of the former Dunnes Stores building was successful in meeting many of the selection criteria set out by UL for a City Centre Campus, noting the size of the premises and its potential to accommodate students and practitioners. They also acknowledged the accessibility of the site location due to its proximity to transport links and the location itself, which provides a unique setting for the establishment of new premises for the University's student base and staff, being situated alongside the river, capturing multiple aspect views of the city scape.

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The valuer was also of the opinion that UL can be described as a 'Special Purchaser', which is a term defined as 'A particular buyer for whom a particular asset has special value because of advantages arising from its ownership that would not be available to other buyers in the market'. In the valuer's professional opinion, the property had a market value of €6 million (ex. VAT) as of 5 April 2019. Allowing for the fact that UL had a special interest in the premises, they considered it appropriate to apply a premium of €500k to their opinion of the market value. They suggested an appropriate special purchaser value of €6.5 million (ex. VAT) for this building. The University acquired the subject property in April 2019 at a contract price of €8m plus VAT.

In reaching their opinion of market value for September 2023, Power Property again adopted the comparable valuation method and considered comparable sales. In their opinion, the prospects for Ireland's commercial real estate market had come under pressure from increased interest rates and the downward pressure on the international economies in the intervening period. In 2023, the impact of the changes in the world economy presented challenges for property in the short to medium term. In the opinion of Power Property, the market value of the subject property in September 2023, is €5.4m (ex VAT) and adjusting the value to reflect the special purchaser specific property requirement by €450k, the value was €5.85m. They arrived at the figure by making an appropriate deduction of c.10% on the €6,500,000 reported as at 5 April 2019 to reflect current market conditions as at 30 September 2023.

In line with existing university accounting policies and the financial reporting standard FRS102, the University's tangible fixed assets such as land and buildings are carried at cost, less accumulated depreciation, net book value. The accounting policy requires that a review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

The University acquired the subject property in April 2019 at a contract price of €8m plus vat of €343,475. The subject property's net book value as at 30 September 2023 was €8.706m including vat (€8.444m ex vat). This net book value includes costs (legal and other professional reports) and the cost of works completed since acquisition. Under accounting rules, an impairment (a non-recoverable reduction in the estimated or nominal value of an asset) is required in the Financial Statements of the University for the Financial Year 2022-23 and this must reflect the market value only (excluding special interest amount) at that time, i.e. at 30 September 2023. At that date, the net book value of the subject property excluding vat is €8,443,748 and the market value ex VAT (without the special purchaser value) is €5,400,000 giving rise to an impairment charge of €3,043,748.

UL is working with PWC on reflecting this transaction in the Financial Statements to 30 September 2023. This will also be agreed with the Comptroller and Auditor General before submission of the financial statements to the March meeting of the Governing Authority for approval.

The purchase of the Dunnes building in April 2019 was financed from cash reserves of the University. It represents an unfunded asset pending a decision on the use of the building and future funding plans for a City Centre Campus. The impairment will reduce the revenue reserves for year ended 30 September 2023. The University will conduct a review of

accumulated revenue reserves in order to identify **non state reserves** which will be designated to fund this impairment.

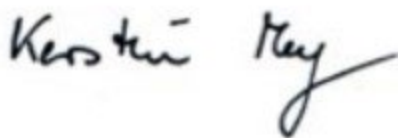
A working group has been established in partnership with Limerick City and County Council to progress the Preliminary Business Case for the future of the UL City Centre Campus. The sustainable development of the site is a key project for the revitalisation of the city and a vital part of the Limerick World Class Waterfront project, which was awarded some URDF funding in 2022.

The preliminary business case aims to ensure that the future envisaged by the University for this location is reflected in any evolving plans. This is expected to be completed in March 2024.

As owners of this strategic city centre site, it presents an excellent development opportunity for the University. It presents an excellent development opportunity for the University and we are currently exploring how its potential might be maximised in the years to come for the benefit of our students and as part of the ongoing process of urban regeneration.

Please do not hesitate to contact me should you require further information.

Yours sincerely

A handwritten signature in black ink, reading 'Kerstin Mey'.

Professor Kerstin Mey  
**President**