

Appeal No. VA94/3/009

**AN BINSE LUACHÁLA**  
**VALUATION TRIBUNAL**  
**AN tACHT LUACHÁLA, 1988**  
**VALUATION ACT, 1988**

**Mount Juliet Estates**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Licensed Hotel (part of) and Land at Map Ref: 3A3B4A4B5ABCa - g6AC,6Aab  
Townland: Waltons Grove - Mount Juliet, E.D. Stonyford, R.D. Thomastown, Co. Kilkenny  
Quantum - Method of Valuation, Comparisons

**B E F O R E**

**Paul Butler**

**S.C. (Acting Chairman)**

**Brian O'Farrell**

**Valuer**

**Fred Devlin**

**F.R.I.C.S. A.C.I. Arb.**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 26TH DAY OF MAY, 1995**

By Notice of Appeal dated the 19th day of October, 1994 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £2,950 (buildings) on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that:-

- "(1) The valuation is excessive and inequitable.
- (2) The valuation is bad in law."

**The Property:**

The property consists of a luxury 4 star hotel known as Mount Juliet Estate. Mount Juliet Estate is situated about 2 miles west of Thomastown in south County Kilkenny. It is an estate of some 1,500 acres, spread over several townlands. The River Nore flows through the middle of the property. Kilkenny city is about 13 miles northwest, Waterford city about 20 miles south and Dublin about 78 miles northeast.

Prior to its acquisition in 1987/88 for commercial development, the property was owned by the McCalmont family who occupied Mount Juliet House, an 18th century manor house. The initial development consisted of the conversion of Mount Juliet House into a luxury 32 bedroomed Country hotel and the construction of the Jack Nicklaus designed golf course.

The accommodation of Mount Juliet House (4 star hotel) is as follows:-

**Ground Floor:** 7 Bedrooms, Entrance, Reception, Diningroom, Kitchen, Library, Drawingroom, Stores and Toilets.

**1st Floor:** 13 Bedrooms and 2 Suites

**2nd Floor:** 10 Bedrooms

**Basement:** Bar, Informal Diner, Snooker Room, Stores and Toilets.

There are also some ancillary buildings provided. These include a temporary coffee shop, administrative buildings, golf maintenance building and some stables used in connection with the equestrian centre.

Both parties have agreed the square footage of the property as follows:-

Mount Juliet House	42,250
Coffee Shop	2,150
Administrative Buildings	5,457
Golf Maintenance Building	7,000
Sand Store	1,770
Stables	3,300
Haysheds	2,550

The golf course is the focal point of the entire Mount Juliet Estate. It is a Par 72 (18 hole) parkland course, 7,142 yards in length, set on some 180 acres. It was also the host of the Carrolls Irish Open Golf Tournament in 1993 and the Murphy's Irish Open Golf Tournament in 1994.

Subsequent to the conversion of Mount Juliet House two additional facilities were added in the Estate (The Hunters Yard and The Rose Garden Lodges).

**(a) The Hunters Yard**

The building consists of:-

**Ground Floor:** 6 Double en suite Bedrooms, Bar, Lounge, Golf Shop, Caddies Area and Mens' Changing room.

**First Floor:** 7 Double en-suite Bedrooms, The Loft Restaurant, Jack Nicklaus Suite (conference room), Ladies Changing Room, The Gallery, Swimming Pool, Changing Area and Health and Beauty Area.

**(b) The Rose Garden Lodges (2 detached blocks)**

Eight lodges in all, they were developed between the Mount Juliet House and the Hunters Yard to provide additional accommodation. Each of the spacious lodges comprises 2 double en-suite bedrooms, large livingroom, dining area and kitchen. All are finished to a high standard. Total area approximately 11,500 square feet.

**Valuation History:**

The property was first valued as an "Hotel/Country Estate" in 1991 phase 4 revision. A valuation of £2,650 was placed on the buildings. An appeal was lodged with the Commissioner of Valuation and the rateable valuation was reduced to £1,350 on First Appeal. This reduction was due, partly, to a change in the fraction utilised from 0.63% to 0.5%.

In 1993 Kilkenny County Council requested that the property be revised to take account of further development. The valuation was increased from £2,650 to £4,250. The reason for the higher figure was that the 93/4 revision issued before the determination of the 91/4 1st Appeal.

An appeal was lodged with the Commissioner of Valuation by Donal O'Buachalla & Company Limited on behalf of the appellant. The rateable valuation was reduced to £2,950 on First Appeal. In effect, the reduction reflected the agreed figure of £1,350 (from 91/4 First Appeal) but made no change in the £1,600 assessed on further developments at 1993 phase 4 Revision. It is against this valuation that an appeal now lies to the Tribunal.

**Written Submissions:**

A written submission was received on the 20th March, 1995 from Mr. Des Killen, FRICS IRRV, a Fellow of the Society of Chartered Surveyors and a Director of Donal O'Buachalla & Company Limited on behalf of the appellant. In his written submission, Mr. Killen set out the description of the property and its valuation history. He also said that he had agreed with Mr. Heery the square footage's of the buildings being valued.

Mr. Killen said that in the absence of actual rental evidence the following remain:-

- (1) Contractor's Basis
- (2) Accounts Method
- (3) Comparative Method

Commenting on the above, he said that:-

(1) **Contractor's Basis**

\_\_\_\_\_ The type of properties to which this basis of valuation applies are educational establishments, local authority properties, commercial private hospitals, airports, sports centres and industrial properties. It is generally regarded as the "last resort" but still is an accepted method.

(2) **Accounts Basis**

\_\_\_\_\_ Mr. Killen submitted an Appendix B which showed the Financial position of the Mount Juliet Estate for the year ended 31st July, 1994.

(3) **Comparative Basis**

\_\_\_\_\_ Mr. Killen considered the N.A.V./R.V. established on the properties listed below, some of which had come before the Tribunal. These included:-

**A. HOTELS**

**VA93/1/009 - Castletroy Park Hotel.**

N.A.V. £340,000

R.V. £1,700

Devalues at:- 98,364 sq.ft. @ £3.45 psf

**VA89/149 - Dromoland Castle**

N.A.V. £298,000

R.V. £1,500

Devalues at:- Hotel 96,648 sq.ft. @ £2.90 psf

**Adare Manor, Adare, Co. Limerick**

N.A.V. £290,000

R.V. £1,450

Devalues at:- 91,521 sq.ft. @ £3.05 psf

**Ashford Castle Hotel, Cong, Co. Mayo**

N.A.V. £350,000  
 R.V. £1,750  
 Devalues at:- 100,310 sq.ft. @ £3.50 psf

**Conrad Hotel, Dublin**

N.A.V. £952,380  
 R.V. £6,000  
 Devalues at:- Hotel 148,220 sq.ft. @ £5.75 psf

**VA92/6/119 - Sheen Falls Hotel, Kenmare, Co. Kerry**

N.A.V. £200,000  
 R.V. £1,000  
 Devalues at:- 85,177 sq.ft. @ £2.35 psf

**Park Hotel, Kenmare, Co. Kerry**

N.A.V. £125,000  
 R.V. £625  
 Devalues at:- 45,974 sq.ft. @ £2.75 psf

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**B. LEISURE FACILITIES**

**Malahide Golf Club, Co. Dublin**

N.A.V. £55,550  
 R.V. £350.00

**St. Margarets Clubhouse, Co. Dublin**

N.A.V. £54,000  
 R.V. £340.00

**VA91/4/005 - Riverview Sports Club, Clonskeagh, Dublin**

N.A.V. £476,000  
 R.V. £3,000

**Killarney Golf Club, Co. Kerry**

1991/3 First Appeal ]  
 1989/3 First Appeal ]  
 N.A.V. £60,000  
 R.V. £300

Taking all of the above into consideration Mr. Killen assessed rateable valuation on the comparison basis as follows:-

**Hunters Yard Complex**

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Accommodation ]  
 Restaurant ]  
 Golfshop and Changing ]

Leisure Complex	]	32,798 sq.ft.	@ £3.50 psf	=	£114,793
Stores		2,565 sq.ft.	@ £2.00 psf	=	£ 5,130
8 Dwellings	4 x 1,448 sq.ft (gd)				
	4 x 1,427 sq.ft. (1st)	11,500 sq.ft.	@ £4.00 psf	=	<u>£ 46,000</u>
					NAV
					£165,923
					RV
					£ 830
					Add 1991 agreed RV
					<u>£ 1,350</u>
					<u>£ 2,180</u>

Mr. Killen submitted that it was the most suitable method in keeping with *Roadstone -v- Commissioner of Valuation* to produce the required result.

A written submission was received on the 13th February, 1995 from Mr. Kevin Heery, District Valuer with 25 years experience in the Valuation Office on behalf of the respondent. Mr. Heery described the property and the different stages of its development to date. He set out the agreed square footage's as set out above and the valuation history as set out above. Mr. Heery said that he had assessed the rateable valuation on the subject premises i.e. Hunters Yard and Rose Garden Lodges based on the construction costs. He set out his calculation of rateable valuation as follows:-

Hunters Yard	£4.4 million	
Lodges	<u>£0.9 million</u>	
	£5.3 million	
Indexed to November, 1988	£4.6 million	
	@ 7%	
	N.A.V. £322,000	
	R.V. @ 0.5%	= £1610
	R.V. £1,600	

Mr. Heery commented that he considered this to be the appropriate method of arriving at rateable valuation for the following reasons:-

- (1) There is no actual rental evidence/market in the hotel/country estate sector.
- (2) The accounts basis would not adequately reflect the N.A.V. in that there have been on-going developments at Mount Juliet.
- (3) Mount Juliet is unique in the Irish context.
- (4) The Investment/Contractor's method has been widely accepted at Tribunal and in the resolution of first appeals in the hotel sector.

Mr. Heery said that Mount Juliet had positioned itself at the top of the market and in his opinion the addition of R.V. £1,600 for the second phase development was reasonable by reference to the level and tone of the first phase agreement. The number of bedrooms has been increased from 32 to 61 and a superb sports/recreational facility has been added.

Mr. Heery said that in his opinion the only comparison to the subject premises was the Kildare Hotel and Country Club. He gave details of the valuation on the Kildare Hotel and Country Club but accepted that it was also the subject of a Tribunal appeal.

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**Oral Hearing:**

The oral hearing took place in Dublin on the 31st March, 1995. Marcus Daly S.C. instructed by Messrs. Gore & Grimes, Solicitors appeared on behalf of the appellant and Aindrias O'Caomh S.C. instructed by the Chief State Solicitor appeared on behalf of the respondent. Mr. Kevin Heery gave evidence on behalf of the respondent. Mr. Des Killen and Mr. David Culliton gave evidence on behalf of the appellant.

Mr. Culliton, a Chartered Accountant and Financial Controller of Mount Juliet since 1992 gave a brief history of the premises. He said that the house was first developed, then the area around the yard and then the Rose Garden Lodges. He said that, in extending the premises, the appellant effectively created a second hotel. The new area had two relatively uneconomic units (the Hunter's Yard and the Rose Garden Lodges) some five minutes walk from the old. There was duplication of staff, reception, etc.. He said that the real return to the investor will be the real estate activity on the site. He said that the Hunters' Yard and Rose Garden lodges were a much lower priced "product"; they were more basic than the house. He said that the cottages are self contained and designed for four occupants. He said that the bottom line in the accounts was a loss for the year ended 1994.

Mr. Killen and Mr. Heery referred to their written submissions.

Mr. O'Caomh in closing said that the Tribunal had to try to ascertain the appropriate methodology. He said that Dromoland Castle was decided on the basis of the contractor's method. In this case, he said that this is a situation of a shareholder looking for a return on his investment.

Mr. Daly said that the Tribunal or the Courts have to use the method best designed to achieve the statutory hypothesis, that is, to determine net annual value.

**Determination:**

The Tribunal has had regard to the oral evidence and the written submissions received. It is satisfied that the best comparative evidence available is the original fixing of the rateable valuation on part of the premises at £1,350. It accepts the methodology appearing at the end of page 10 of Mr. Killen's submission and substitutes £5.00 per square foot for £3.50 per square foot in respect of the 32,798 square feet therein mentioned.

Rateable valuation is, therefore, determined at £2,426 made up as follows:-

<b><u>Hunters Yard Complex</u></b>					
Accommodation	]				
Restaurant	]				
Golfshop and Changing	]				
Leisure Complex	]	32,798 sq.ft.	@ £5.00psf	=	£163,990
Stores		2,565 sq.ft.	@ £2.00psf	=	£ 5,130
<u>8 Dwellings</u>		4 x 1,448 sq.ft. (gd)			
		4 x 1,427 sq.ft. (1st)	11,500 sq.ft.	@ £4.00psf	= <u>£ 46,000</u>
				NAV	£215,120
				RV @ 5%	= £ 1,076
				Add 1991 agreed RV	<u>£ 1,350</u>
				RV	£ 2,426