

**Northern Ireland Assembly**

**COMMITTEE FOR FINANCE AND PERSONNEL**

**OPENING STATEMENT AND EVIDENCE  
OF  
MR JAMIE BRYSON**

**PRESENTED TO COMMITTEE MEETING  
OF  
23 SEPTEMBER 2015**

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## 1 INTRODUCTION

Mr Chairman,

- 1.1 I wish to thank the members of this committee that voted to hear evidence from me today and indeed thank the committee clerk for the professional correspondence and the subsequent facilitation of today's session. I have the utmost respect for the integrity of this committee and therefore I wish to make clear from the outset that all information I will provide today- will be within the terms of reference, and indeed will observe the committee's guidelines for giving evidence. There will be no "wild allegations" made by me today- and indeed I dispute that I have ever made any such allegations, however chair, that is a matter for a different day.
- 1.2 (I do have to place on record my opposition to this being a closed hearing, for reasons outlined in my correspondence last week. I do not intend to dwell on this point as I am aware and appreciate I have been allocated a particular time slot, however I must express to the committee that I feel the integrity of this inquiry, and the political institutions as a whole, have been damaged- primarily by those members of this committee that devoted their energy to ensure that the public are left outside the door and this evidence is locked away from the people which you represent for political expediency. As you know, that will not prevent the evidence being put before the public today.)
- 1.3 I will seek at all times to ensure my evidence does not stray beyond the terms of reference or into ongoing live court cases, of which there is only one. That is the case brought by Graham's. It is a civil case and deals with a very specific issue. I have no intention of straying into this area, therefore there is no danger of prejudicing any court case. I again point out to the committee that there is no ongoing criminal case in relation to the sale of the Nama portfolio, therefore it would be impossible to prejudice a case that has not yet- and may never- even taken place. With that being said, I believe that if there is any criminal wrong-doing- and I believe there is- by anyone associated with the sale of Nama Northern Ireland loan book, then those persons should face the due process of criminal proceedings through the courts and in this regard Chair, the last thing I would want to do is provide potential criminals with a "get out of jail free" card. With this in mind Chair I will follow your guidance and direction at all times throughout this session.
- 1.4 All information I will provide today, I will stand over. I have never sought the cloak of privilege to provide this information and nor will I seek to hide behind that today. If anyone feels that I have made false allegations about them, then there is a very clear path through the courts where they can take action against me to attempt clear their name. I would think this would be the main motivation behind any legal action, rather than seeking financial payment.
- 1.5 I will go through my evidence in segments. Each strand of evidence will have a number of supporting documents. At the conclusion of my evidence session I will furnish the Chair with this original copy of my evidence presentation, which will include copies of all documentation and evidence that I have referenced.
- 1.6 I believe my evidence will uncover an intricate web of political and financial behaviours that will show how there is an epidemic of cash for influence scams within the political,

business, banking, accountancy and property development professions. It will raise serious questions and shine a light onto the “you scratch my back I scratch yours” culture within the aforementioned professions, including- most seriously in my view- politicians using their influence- gained via a democratic mandate, to ensure favourable treatment for their friends and business associates. There is much information not included in my evidence presentation today, because it falls outside the committees terms of reference- this information will be released in due course, some of it already has, and I firmly believe that a full public inquiry by an outside body will be required to get to the bottom of the huge magnitude of corruption that silently corrodes and perverts the political sphere within Northern Ireland.

## 2 MILLMOUNT

- 2.1 The first strand of evidence I will take the committee through is Millmount. This evidence is highly relevant to the committee terms of reference, due to the fact that the former Finance Minister- who has recently left Stormont- Mr Sammy Wilson met Nama in 2012 to discuss this site and again on April 22 2013 Mr Wilson held a meeting with Nama and the first item on the agenda was Millmount.
- 2.2 I note that I revealed the involvement of the Finance Department, and the DUP, in lobbying for Millmount some time ago, and it appears that following this and the subsequent following up of the story by local journalists in the Irish News- this committee has already sought clarity on DFP involvement in what amounted to- in my view- lobbying for the Millmount site and ascertained that there were no minutes kept by DFP for these meetings between Mr Sammy Wilson and Nama. This, I am sure committee MLA's and the public which you represent will agree- is absolutely remarkable.
- 2.3 The Millmount site was originally owned by companies controlled by Noel Murphy and Adam Armstrong.
- 2.4 The site was then sold on to Taggart brothers for approximately £96 million in 2007 and this was financed through the Anglo- Irish bank, which strangely approved the loan for the purchase of the site despite Taggart's being in financial difficulties. In 2008 the Taggart brothers business was placed into administration, only a short period of time after they had purchased the site. Anglo had effectively financed a company that was heading for administration to purchase the Millmount site.
- 2.5 The site was then placed under the control of an administrator chosen by Anglo-Irish bank.
- 2.6 This administrator, along with the Anglo-Irish bank, came to an agreement which would have resulted in Lagan homes developing the site.
- 2.7 Lagan Homes is owned by Kevin Lagan, who is involved in joint business ventures, such as Lagmar Properties, with Noel Murphy. Mr Murphy directly benefited from Taggarts purchase of the Millmount site- which was funded by the Anglo-Irish bank in dubious financial circumstances.
- 2.8 Following the setting up of Nama, they were reluctant to continue on with the development deal that had been drawn up between the Anglo-Irish bank, the Millmount administrators and the Lagan Group. The preferred option for Nama and the administrators was to sell the site. At this stage the DUP had released public statements, which warned against a "fire sale" and expressed concern over how Nama would handle the Northern Ireland loan portfolio.
- 2.9 It was in this climate that Mr Sammy Wilson embarked upon meetings with Nama to raise the issue of the Millmount site. Evidence of these meetings taking place- and the absence of any DFP minutes of these meetings- are already within the possession of the committee.

- 2.10 Nama then replaced the Anglo appointed administrator with their own chosen administrator.
- 2.11 It is also a point of some note that Mr Gareth Robinson, the son of the former First Minister Mr Peter Robinson, worked as a lobbyist for Lagan Homes- part of the Lagan Group. Mr Gareth Robinson was a “lobbyist” for Lagan Homes during the period that the DUP Finance Minister, Mr Sammy Wilson, took a keen interest in the Millmount site and lobbying Nama. Mr Robinson also holds- or at least held until the breaking of the Nama controversy- an access all areas pass for Stormont.
- 2.12 In April 2013, Nama appeared to have a change of heart in relation to Millmount and released £9 Million to develop the site. The beneficiaries were the Lagan Group- who as previously alluded too- had engaged the services of former DUP Castlereagh Councillor- Mr Gareth Robinson. Whether the lobbying influence of Gareth Robinson- which in turn led to influence been exerted on Nama by the then DUP Finance Minister Sammy Wilson- contributed to Nama’s change of heart, of which the Lagan group were the beneficiaries- at that time- is a matter for this committee to explore further. It is also a matter for this committee, and the public themselves, to judge whether this amounts to an abuse of position by those with political influence on the basis of their democratic mandate. I am simply setting out the facts- it is for others to make a judgement upon them.
- 2.13 Following the Nama sale of the Northern Ireland loan portfolio, the Millmount site fell under the control of Cerberus.
- 2.14 I can reveal to the committee that the Millmount site is due to be purchased once again- from Cerberus- by Mr Paddy Kearney within the coming weeks. I will demonstrate later in the evidence session how Cerberus and Mr Kearney have developed a remarkably good working relationship- a relationship that appears to echo proposals that were originally made in a Memorandum of Understanding that was sent to Nama by Mr Jeremy Gardener on behalf of the then First Minister, Mr Peter Robinson. It is a point of some note that this proposal was sent without the approval of OFMDFM and without the knowledge of the Deputy First Minister. Within the evidence tab an email- which has been redacted due to unrelated contents outside the Terms of Reference- is included. The email is between Mr Paddy Kearney and Pat Whelan. Pat Whelan was formerly of the Anglo-Irish Bank and was convicted in Dublin of fraud. Within that email Mr Kearney says “In another vein I have been talking to Ciaran McAreavey re the Taggart lands at Millmount and indeed other sites in need of planning input. I am more than happy to assist in any way I can. I am currently preparing some appraisals and thoughts which will hopefully assist Ciaran and I have already had some fact finding discussions with my contacts in Coogan’s, the original architects of the scheme who have provided me with some info on the original application, which in my view was foolishly withdrawn.” This remarkable paragraph within this email shows that Paddy Kearney had been working along with Anglo as far back as 2008 in relation to the Millmount site. Nama eventually awarded a £9 million development contract to Lagan Homes, before the loans were transferred to Cerberus and Millmount is now heading to Paddy Kearney.

- 2.15 The email shows, in black and white, that the original architects of Millmount were leaking confidential application information to Mr Kearney. This is, in itself, astonishing.
- 2.16 The Millmount deal is set to be completed in the first week of October for a consideration of £8.5 million and a further payment to Cerberus of £4 million if certain targets are achieved.
- 2.17 This deal was funded by Chris Wilson of Jefferies Loan Core with the helpful valuation figure provided by Donal McCann of Lambert Smith Hampton- a Chartered Surveyors company based in Belfast.
- 2.18 I can also reveal to the committee that another individual linked to the sale of the Nama NI Loan portfolio- therefore firmly within the terms of reference- Mr Ian Coulter has recently become a director in six companies, five owned by the Lagan Group and one personal company which was coincidentally set up on 30 January 2015- two weeks after leaving Tughans. Mr Coulter was also only appointed to all the directorships linked to the Lagan company in 2015 following his departure from Tughans. His current directorships details are as follows and supporting evidence is attached:
- (i) Coulter Corporate Limited- This company was registered on 30 January 2015 and was jointly owned by Ian Coulter and his wife Victoria Coulter, who is also an ex- partner in Tughans. Mrs Coulter resigned as a director on 25 February 2015 and formed a new company- Dummigan Ltd on 21 April 2015 and is the only director. Dummigan is Mrs Coulter's maiden name.
  - (ii) Antrim Asphalt Limited- a Lagan company- Ian Coulter was appointed on 15 June 2015.
  - (iii) Lagan Holdings Limited- a Lagan company- Ian Coulter was also appointed to this company on 15 June 2015.
  - (iv) Lagan Asphalt Group Limited- A lagan company- Ian Coulter was appointed on 29 April 2015. He replaced Kevin Anthony Lagan.
  - (v) Runlin Limited- A Lagan Company- Ian Coulter was appointed, once again, on 15 June 2015.
  - (vi) Lagan Bitumen International Limited- a lagan company- Ian Coulter was appointed on 29 April 2015.



### 3 - PROJECT EAGLE SALES PROCESS

- 3.1 In the “letter”- submitted to, and publically published by this committee, it states that “Cerberus understands that its bid was the highest by a considerable margin”
- 3.2 The Minutes of the Dail Public Accounts Committee of 9 July 2015 (which was sent to the Chair by NAMA attached to a letter dated 4 September 2015) established a number of facts as follows:
- (i) NAMA set a reserve price in January 2014 of £1.3 billion and under no circumstances would a bid be accepted for a lower amount.
  - (ii) However due to asset disposals and other factors the reserve price was reduced to £1.24 billion “by early April”.
  - (iii) PIMCO had made an indicative bid of between £1.1 billion to £1.3 billion depending on due diligence.
  - (iv) When PIMCO withdrew from the bidding process only two bidders remained, Cerberus and Fortress Capital LLP.
  - (v) Lazards, who were the advisors to NAMA, believed that there was sufficient tension between the bidders for a competitive bidding situation.
  - (vi) Closing bids were to be submitted by 1 April 2014.
- 3.3 Mr McDonagh (CEO of NAMA) stated that two bids were received; one from Cerberus at £1.24.1 billion and Fortress at below £1.1 billion – both arrived on 1 April and the Cerberus offer of £1.24.1 billion was accepted on 3 April 2014 and after a review by Lazards and NAMA within 48 hours.
- 3.4 There are a number of serious questions to be asked, as follows
- (i) Mr McDonagh had already confirmed the reserve price was set by – “early April 2014.” Cerberus must have known that it was going to be £1.24 billion as their offer was only £100,000 more, representing 0.0008% over the minimum price! The reserve price was set, in Mr McDonaghs own words “In early April”- Cerberus managed to submit a bid almost identical to the reserve price on 1 April and had this bid accepted on 3 April.
  - (ii) Why did Fortress offer less than the reserve price knowing that it could not be accepted? Was it purely because it was a stalking horse?
  - (iii) How could Lazards get it so wrong? - It has been stated by them that bidding will be seriously competitive – so how can Fortresses bid be more than £141 million (or 11.5%) less than Cerberus?

(iv) Who is Fortress Capital LLP?

I can now for the first time reveal the links to Fortress Capital. Their main man is Mr Brendan McGinn, who is a disqualified Chartered Accountant based in Belfast. His closest friend is Gareth Robinson (son of Peter) and he has had numerous business ventures with Paul Tweed, the original solicitor of Frank Cushnahan and the current solicitor acting for Peter Robinson in his libel writ against Mick Wallace TD.

Mr McGinn and Mr Tweed have been involved in private entity funds and media companies in both Northern Ireland and the United States where they partnered with Fintan Drury, a former main board member of Anglo Irish Bank Plc which lost over £30 billion of taxpayers money with 10's of billions being transferred into NAMA and then Cerberus. Evidence of the business links between Mr McGinn and Paul Tweed are attached in the documentation pack that will be given to the committee.

#### 4 “CERBERUS AIMS TO TREAT BORROWERS CONSISTENTLY AND FAIRLY”

This section is again extremely relevant to the terms of reference by virtue of the fact that it deals with issues flowing directly from the sale of the Nama Northern Ireland loan portfolio and further to this I will demonstrate how favourable treatment of particular property developers echoes proposals made in a Memorandum of Understanding that Peter Robinson sent to Nama. It was this document that was described by Mr Frank Daly- Chairperson of Nama- as a “debtor’s charter”.

- 4.1 The statement “Cerberus aims to treat borrowers consistently and fairly” was recited in the “letter” submitted to this committee at paragraph 1.3.4. Unfortunately for some it couldn’t be further from the truth and for others it was their saviour.
- 4.2 The treatment of borrowers was vastly different, depending on whether you were one of the chosen few or not. The best way to illustrate this is to look at a number of well documented instances.

Paddy Kearney/PBN/Kilmona Holdings Limited

- 4.3 Mr Kearney is from Belfast but has spent many years in the tax haven of Gibraltar and at his villa in Sotogrande. He would fly to the UK in his private jet regularly to oversee property deals both North and South of Ireland. He came into public focus when in early 2009 he was exposed as a member of the “Maple 10” which bought shares in Anglo Irish Bank Plc from Sean Quinn to support Anglo’s share price, the 10 borrowed €420 million. The mastermind behind the arrangements was Mr Kearney’s close friend Pat Whelan, a director in Anglo Irish Bank who was later charged and convicted of criminal offences and is waiting for trial on fraud and theft charges. Mr Whelan was of course previously mentioned within this evidence presentation in relation to a leaked email I have provided which demonstrated discussions between himself and Mr Paddy Kearney around the Millmount site.
- 4.4 When NAMA was formed in late 2010, Paddy Kearney’s company- Kilmona Holdings Limited’s- debts were transferred to NAMA. The latest accounts for the year to 30 June 2014 show a loss of £216 million- this is one of the biggest losses ever recorded by a Northern Ireland company. In addition the company had a shareholders deficit of some £223 million and was therefore “hopelessly insolvent” and trading unlawfully.
- 4.5 The auditors qualified the Accounts as follows:

“With respect to certain year end loan balances and loan interest payable, the audit evidence available to us was limited as we were unable to obtain sufficient appropriate audit evidence in relation to the loan balances payable at the year end and the loan interest payable in respect of same for the year. The loan balances were taken over by Cerberus from NAMA during the year and we were unable to clarify the year end balances of certain loans from Cerberus. Had this information been available to us we

might have formed a different opinion on the financial statements. We were unable to obtain sufficient appropriate audit evidence regarding the year end loan balances and loan interest payable by using other audit procedures.

With respect to the disclosure of statutory information, the notes to the financial statements do not disclose the directors' remuneration. Such disclosure is required by the Companies Act 2006."

In addition they reported:

"Arising from the disagreement relating to disclosure of directors' remuneration as described above:

- Certain disclosures of directors' remunerations specified by law are not made.

Arising from the limitation of our work referred to above:

- We have not received all the third party information and explanations we require for our audit."

In essence therefore the auditors would not stand over the figures particularly the level of debt and the company's legal advisors Tughans made no comment.

4.6 At 30 June the company owed the banks some £334 million. In the vast majority of cases the borrowers, by now Cerberus, would have appointed an Administrator to sell the company's assets and pay the proceeds to the banks. Cerberus took a different view and instead of certain liquidation, they decided to write off in excess of £224 million which meant the company only had to repay the lender approximately £110 million. Audited accounts are attached within the evidence tab within this document.

4.7 This money was to be advanced by Jeffries Loan Core which was on the list of Cerberus' preferred refinancers. In normal banking practice one of the key criteria for advancing loans, particularly on property assets, is "loan to value" condition whereby the property valuation had to be a certain percentage of the loan advanced. In this case Donal McCann of Lambert Smith Hampton was commissioned by Jeffries Loan Core to value PBN/Kilmona Holdings Ltd's assets. Lambert Smith Hampton's original valuation was £85 million, which was clearly not high enough to fund a loan in excess of £100 million. As a consequence within months this was increased to £97 million which was still not sufficient. Eventually a valuation of £122 million was issued which secured to loan to Kilmona Holdings Limited. I believe this way of doing business by valuers is termed "travelling valuations".

It is somewhat surprising that Lambert Smith Hampton engaged in such activity particularly given that they had to settle a number of court cases over excessive valuations during the property boom again where banks wanted higher valuations so they could lend more.

A Security Deed was entered into on 21 January 2015 confirming the transaction. This is also included within the corresponding evidence tab.

- 4.8 In summary Pat Kearney was released from his guarantees and his company was forgiven over £224 million of debt. To celebrate the occasion Mr Kearney hosted a dinner at a hotel in Carrickfergus where the principal guest was Peter Robinson who said he “appreciated” Jeffries Loan Core’s help to property developers. Mr Robinson and Mr Kearney have had a long friendship.

This is the same bank that is under investigation by the Central London tribunal for “inappropriate and sexualised conversations”. A headline in the Times newspaper reads “Bankers “bid” for women”, a copy of the article dated Wednesday 16 September 2015 is attached.

Involved in organising the dinner on behalf of Paddy Kearney was Mr Alan Mains. Mr Mains is a former RUC and British Intelligence officer who now works as a security consultant. Mr Mains has facilitated meetings between a select group of property developers and Jeffries Loan Core and has been in regular contact with Cerberus through Mr Randal O’Coggle, who is also a former member of British Intelligence and got to know Mr Mains during their time within the security services.

- 4.9 Jeffries Loan Core’s support to significantly indebted developers did not stop there. Paddy Kearney was keen to buy the assets of John Miskelly, which included Ten Square Hotel and adjoining properties and whose loans were owned by Cerberus. Unlike their approach to Paddy Kearney Cerberus adopted a very aggressive stance on repayment of these loans and refused to write off any amount but instead appointed their preferred Administrator, Andrew Dolliver of Ernst & Young LLP.

- 4.10 Ernst & Young LLP were appointed by Promontoria Eagle Limited on 20 January 2015, the latter had secured debt of less than £3 million which was significantly less than the valuation of the hotel.

- 4.11 The first “Statement of Administrators Proposals” dated 16 March 2015 made some astonishing comments, (particularly in view of the treatment of Pat Kearney) such as “The Company was unable to meet its debts” (£3m vis-a-vis £334m).

The primary task of the Administrator is to dispose of assets and repay initially secured creditors and then unsecured creditors. There is no record of a sales process being carried out even though a significant number of businessmen expressed an interest. However Pat Kearney was selected as the purchaser for not only Ten Square hotel but all of Mr Miskelly’s assets. The performance of Ernst & Young should be examined by this committee.

4.12 It should be noted at this point that Ernst & Young LLP had hourly rates as follows:

| Current Fee Rates     | £         |
|-----------------------|-----------|
| Partner               | 378 -513  |
| Director              | 294 – 438 |
| Assistant Director    | 246 – 375 |
| Senior Executive      | 210 – 276 |
| Executive             | 144       |
| Assistant Executive   | 123       |
| Analyst               | 84 – 90   |
| Accounting & Treasury | 75        |
| Intern                | 36        |

Source – Statement of Administrators Proposals.

For the first 6 weeks Ernst & Young LLP charged £52,500 plus VAT for their services.

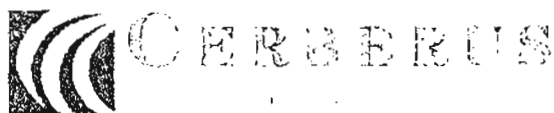
- 4.13 The previous paragraphs clearly illustrate that Cerberus DOES NOT treat borrowers consistently and fairly. Those with connections to certain politicians and their fixers can sidestep normal processes and even prosper when others are financially destroyed.
- 4.14 There is no time at this hearing to produce further evidence of shady deals between Cerberus/Jeffries Loan Core on one side and property developers Lagans, Armstrong, Murphy, Creighton and Boyd on the other, that will be for later.
- 4.15 At first sight it appears that each of the above is acting independently of each other, in relation to Nama and Cerberus, but this is simply not the case. They have acted in unison where the same valuers, accountants, solicitors, ex bankers and fixers keep appearing. The evidence is contained in numerous filings in Companies House. It even goes further, as an illustration, Kilmona Holdings Ltd was appointed by Salvare (No 1) Limited (the Joint venture between Lagan Holdings Ltd and Mar Properties Ltd) to act “as its agent” under this Deed for service of process of any proceedings before the English Courts”  
TAB
- 4.16 Other issues which should be examined in relation to Cerberus’ behaviour include:
- (i) Why Creighton and Boyd’s debts of £1.3 billion (the largest loan acquired) have not been dealt with and personal guarantee not called in.

- (ii) In Cerberus' letter of 16 September 2015 they comment in detail that they need to investigate new markets extensively and they need to speak to all relevant parties including selected politicians as they are a long term investor. This is simply untrue. Cerberus acquired the loans in June 2014 yet on 12 August 2015 it was reported in the Irish News that "Cerberus had virtually completed its work... having recouped all of the knockdown £1.3 billion it paid for NAMA's loan book in little over a year.
- (iii) As raised by Mr O'Muilleoir at last week's DFP Committee hearing, and a point that is hugely relevant to this inquiry is the success fee that was to be paid to Tughans.
- (iv) This success fee was paid into a dormant Tughans Danske Bank Account in the Branch's Donegal Square West Branch, and from there it was transferred by to an off shore account.
- (v) There were to be a number of beneficiaries of this fee and I will refer to them simply as person A, Person B, Person C, Person D and Person E.
- (vi) Person A is Mr Peter Robinson MLA.
- (vii) Person B is Andrew Creighton.
- (viii) Person C is David Watters
- (ix) Person D is Frank Cushnahan
- (x) Person E is Ian Coulter.
- (xi) Documents and emails- that are held by Tughans Solicitors prove that David Watters and Andrew Creighton are tied to the fees via a clear paper trail.
- (xii) I believe that a simple request for Mr Robinson MLA- and indeed all politicians- to declare what off shore trust fund accounts that they currently hold and/or have set up, and this will provide the key.

## 5 CONCLUSION

- 5.1 It is clear from today's evidence that there are serious questions to be answered. I have provided factual and clear evidence today and raise many valid questions. It is now up to this committee and other experts in these fields to robustly interrogate this evidence presentation.
- 5.2 I believe I have demonstrated a clear web of individuals, including politicians, who have contrived and conspired together to "get things done" and increase their own bank balances by a "nod and a wink" schemes.
- 5.3 There is so much more information, which I and others hold, that could not be within today's document because of the constraints of the committee Terms of Reference. These are issues such as how- ironically- parliamentary privilege has been used by politicians to make allegations against businessmen, with the aim of discrediting competitors of their charmed circles of business cronies.
- 5.4 I thank the committee for taking the time to hear my presentation.
- 5.5 This concludes my evidence presentation to this committee.





16 September 2015

Daithí McKay MLA  
Chairperson  
The Committee for Finance and Personnel  
The Northern Irish Assembly  
Parliament Buildings  
Belfast

Dear Mr McKay,

I acknowledge receipt of Mr McAteer's letter of 10 September

Cerberus recognises the important statutory role of the Committee for Finance and Personnel ('the Committee') and its oversight of the Department of Finance and Personnel. As a responsible corporate citizen, we wish to provide appropriate assistance to the Committee while respecting the constraints under which it operates.

We are familiar with the Committee's terms of reference and understand that other agencies (including the police) have opened investigations that impact on issues of interest to the Committee. We note that the Committee has acknowledged the risks of inadvertently prejudicing the on-going criminal investigation and underlying fairness in any court proceedings

We have also followed the public proceedings of the Committee. We note the position adopted by the Law Society of Northern Ireland and officials from DFP when they appeared before the Committee. Plainly, they were alive to the proper scope of what they might say to the Committee. Unlike them Cerberus is a private commercial entity rather than a professional regulator or an arm of government operating under the vigilant eye of the Committee. Nevertheless, we believe that we must act with care to ensure that we do not jeopardise the criminal or judicial process, nor the lawful interests of others, such as the borrowers with whom we have contractual relationships

We further note that a recent witness was Mr Gareth Graham. You will recall that our solicitors in Belfast wrote to you before he appeared before the Committee about court proceedings between Cerberus and companies in which Mr Graham has an interest. The burden of our concern was (and remains) the integrity of the judicial process. While we are anxious to correct the record, and address the inaccurate statements that were made during this testimony, we have accepted our legal advice that the High Court in Belfast is the proper forum for the dispute with Mr Graham.

In the light of all of these factors and the constraints upon the Committee, Cerberus believes we can best assist the Committee by way of written submission. Cerberus has therefore prepared the attached submission, which we are advised lawfully addresses the issues that are germane to the Committee. The submission is provided *in lieu* of sending a representative to the Committee on 23 September 2015. We are confident that the Committee will find our submission beneficial to its deliberations.

Yours sincerely,

Liam Strong  
Chief Executive  
Cerberus European Capital Advisors

## Written Submission to the Committee for Finance and Personnel

### 1 Introduction and overview

- 1.1 This Submission is made on behalf of Cerberus European Capital Advisors LLP and its affiliates (collectively, "Cerberus").
- 1.2 This Submission is intended to assist the Committee for Finance and Personnel (the "**Committee**") by providing information:
  - 1.2.1 regarding Cerberus' work and role within the Northern Ireland economy following the acquisition of the Project Eagle portfolio from NAMA pursuant to the Committee's request in its letters to Cerberus of 28 April and 10 September 2015, and
  - 1.2.2 relating to the sales process of the Project Eagle portfolio relevant to the Committee's consideration of the third bulleted point of its Terms of Reference issued on 23 July 2015 (Cerberus does not have information relevant to the remainder of the Committee's stated objectives )
- 1.3 By way of summary, the key points on which Cerberus is able to assist the Committee are as follows:
  - 1.3.1 The Project Eagle portfolio was acquired from NAMA in June 2014 by a Cerberus affiliate formed for the purposes of the Project Eagle transaction
  - 1.3.2 Cerberus is a well respected and responsible investor with extensive experience of managing real estate portfolios in Europe. It has a twenty-year track record of successfully restructuring distressed real estate loans, supporting improvements to the underlying assets and working cooperatively with its borrowers
  - 1.3.3 Through its investment in the Project Eagle loan portfolio and other investments unrelated to Project Eagle, Cerberus is pleased to have been able to contribute to the recovery of the commercial real estate market and positive economic developments in Northern Ireland
  - 1.3.4 Across all of its investments in non-performing loan portfolios, Cerberus aims to treat every borrower consistently and fairly.
  - 1.3.5 Resolution strategies have been completed or are in process in respect of over 95% of the unpaid principal debt on the Project Eagle portfolio. To date, Cerberus has written off, or agreed to write off, approximately £1.87 billion of the debt, and Cerberus anticipates that if the resolution strategies are completed as currently contemplated an additional £1 billion of the unpaid principal balances will be forgiven.
  - 1.3.6 Cerberus is deeply concerned by the allegations and inferences that have been made before this Committee, in the Irish Parliament and the media, related to the Project Eagle sales process
  - 1.3.7 Cerberus acquired the Project Eagle portfolio following a structured sales process, overseen by Lazard (the respected investment bank), which it believes was conducted with full integrity. Cerberus understands that its bid was the highest by a considerable margin.

1.3.8 Cerberus is committed to high ethical standards in the conduct of its business. Cerberus is satisfied that no improper or illegal payments have been made by Cerberus or any of its affiliates in connection with the Project Eagle portfolio and Cerberus did not direct or authorise anyone to make any such payments on its behalf. To Cerberus' best knowledge, no improper or illegal payments have been made on its behalf in connection with the Project Eagle portfolio.

1.4 These aspects are explained in further detail below.

## **2 Cerberus' investment strategy**

2.1 Cerberus is a private investment firm based in New York City with affiliate and advisory offices across the United States, Asia and Europe. With approximately \$29 billion under management, Cerberus manages funds and accounts for many of the world's most respected investors. Cerberus invests globally in four main areas: private equity, middle market lending, real estate and distressed securities and assets.

2.2 Cerberus has been a leading investor in loan portfolios for over twenty years in the Americas, Asia and Europe. Cerberus' investment strategy often focuses on the acquisition of non- or sub- performing loans, which are secured by real estate.

2.3 Cerberus has extensive knowledge of managing commercial and residential real estate portfolios in Europe. It has an active presence in key markets across Europe and has completed over seventy deals across the continent in the past four years, acquiring loans and assets in the United Kingdom, Denmark, Spain, Germany, Italy, France and other countries.

2.4 In February 2013, Cerberus established Cerberus European Servicing Ltd as an in-house servicing platform to supervise the process of managing loans and asset portfolios, to work closely with third-party servicers and operating partners and to supervise business plans.

2.5 At the time of considering the acquisition of the Project Eagle portfolio, Cerberus had no investment history in real estate in Northern Ireland or the Republic of Ireland. Its decision to invest was not undertaken lightly but following careful research and investigation into the local economies in those jurisdictions. Cerberus made an investment in excess of £1.2bn, in circumstances where it has become one of the largest lenders in a relatively small market. The transaction was not a simple acquisition of an asset but has, as anticipated, resulted in substantial ongoing involvement in the local markets, including detailed resolution activities and negotiations with borrowers.

2.6 With investment comes responsibility and Cerberus takes its responsibilities as an investor and lender very seriously. When investing in a particular jurisdiction, understanding the local market is key, both in pricing the transaction and formulating a bid, and also in developing the longer-term strategy for management of the assets. By acting in accordance with local, cultural practice, as well as within the framework of local laws, Cerberus enhances the possibility of having positive relationships with borrowers and other local stakeholders.

2.7 When considering an investment of this nature, particularly as a new entrant to the local real estate market, Cerberus is naturally keen to understand whether local government and other stakeholders are receptive to the idea of Cerberus entering their market and ensure that they understand Cerberus' investment strategy and how it will conduct its business after the deal has closed.

- 2.8 As part of its due diligence into the Northern Ireland economy and ongoing liaison with the stakeholders in the jurisdiction, Cerberus has had contact (to varying extents) with a number of Northern Irish politicians, including the First Minister, Peter Robinson, the Deputy First Minister, Martin McGuinness, the then Minister of Finance and Personnel, Simon Hamilton, the then Minister of Enterprise, Trade and Investment, Arlene Foster and Nigel Dodds, the Deputy Leader of the Democratic Unionist Party. These interactions involved senior Cerberus representatives including in some instances the Chairman of Cerberus Global Investments, former Vice President of the United States Dan Quayle. The substantive discussions prior to the acquisition focused on Cerberus' approach to the investment and its intentions as regards management of the portfolio after acquisition and the potential benefits it could offer to the Northern Irish economy.
- 2.9 Cerberus prepared a letter to be presented to the Northern Irish Executive prior to the submission of its bid to provide an indication of Cerberus' long-term investment and operational considerations in the event that it was successful in acquiring the Project Eagle portfolio from NAMA. For example, Cerberus stated its intent to use qualified local advisors, consultants, contractors and suppliers to the extent available at a competitive market price. Cerberus indicated that, following a successful acquisition, it intended to enter into discussions with borrowers with a view to negotiating consensual resolutions to the loans, for example debt forgiveness, write offs or restructuring of borrowers' obligations in exchange for borrowers' cooperation in the timely and fair resolution to the loan. Cerberus also indicated that it would be willing to waive guarantees for cooperative borrowers who agreed to execute a mutually agreeable resolution plan. As explained in greater detail below, since acquiring the Project Eagle portfolio, Cerberus has followed through on those stated intentions. For example, Cerberus has generated additional business opportunities for local service providers, engaged with borrowers to resolve connections on a consensual basis, written off a considerable portion of the principal unpaid debt and released a number of personal guarantors from their commitments. Cerberus has already reached agreed solutions for the vast majority of borrowers in the Project Eagle portfolio.

### **3 Cerberus' work and role within the Northern Irish economy**

- 3.1 Cerberus notes with interest that the commercial and real estate markets in Northern Ireland have shown significant signs of recovery over the past year. The media and industry analysts and commentators have noted that the aggregate value of transactions in these sectors in Northern Ireland in 2014 was almost £500 million, which marked almost a three-fold increase over the aggregate value of transactions in 2013. Over £126 million has been invested in Northern Ireland by investors in the period between January and May 2015 (excluding debt financing), with up to £500 million expected by year end.
- 3.2 Through its investment in the Project Eagle and other loan portfolios with assets in Northern Ireland, Cerberus is pleased to have been able to contribute to these positive developments, both for individual borrowers and the economy in Northern Ireland.
- 3.3 At the time of Cerberus' acquisition of the Project Eagle portfolio in June 2014, the unpaid principal balance (UPB) was approximately £4.3 billion. Cerberus has to date written off or agreed to write-off approximately £1.87 billion of borrower debt (as well as the release of associated personal guarantees), representing more than 43% of the UPB. Since Cerberus' acquisition some 430 assets from the portfolio have been sold or refinanced (representing just over half of the assets acquired). The properties sold include Central

Belfast assets to be refurbished to enhance the availability of the city's office and leisure stock as well as key residential sites which are going through the planning process with local developers and which are expected to increase local construction activity. Cerberus has witnessed improvements in investor confidence and liquidity. For example, new investors have been involved in refinancing of Project Eagle loans, and bidding in relation to assets connected with the Project Eagle portfolio. Key Northern Irish commercial and residential developers are also now active again as a result of exposures within the Project Eagle portfolio being refinanced and borrowers within the portfolio are trading among themselves. Cerberus anticipates the amount of borrower debt written off in relation to the Project Eagle portfolio will increase to approximately £2.9 billion if resolution strategies are completed as currently contemplated.

- 3.4 Subsequent to its acquisition of the Project Eagle portfolio, Cerberus successfully bid for a portfolio of Ulster Bank's real estate loans from the Royal Bank of Scotland in December 2014. The portfolio had a UPB of approximately EUR5.6 billion and consisted of approximately 1,300 borrower groups, over 6,200 loans with around 5,400 properties. More than 75% of the loan balance was secured by assets in the Republic of Ireland and about 20% in Northern Ireland. In 2015, Cerberus acquired a portfolio of loans from Ulster Bank. This portfolio had a UPB of approximately £1.2 billion and consisted of 116 borrower groups, over 830 loans with around 680 properties, over 85% of which are in Northern Ireland.
- 3.5 Cerberus' ownership of the Project Eagle and other loan portfolios has created employment in Northern Ireland and the Republic of Ireland both through the staffing of its affiliated office in Belfast and by generating additional business for other local service providers in Belfast and Dublin and is also continuing to stimulate growth of the local economy in a number of sectors (including professional services, development and construction).
- 3.6 Currently, Cerberus European Servicing Ltd or its affiliates are advising on portfolios in Denmark, the Netherlands, Spain, Germany, Italy, Sweden, Great Britain, Northern Ireland and the Republic of Ireland. Across all of its investments in distressed real estate debt, Cerberus aims to treat every borrower fairly and consistently. As part of that objective, Cerberus implements substantially the same process for its engagement with borrowers across all of its portfolios and across applicable jurisdictions, subject to local customs, laws and regulations.
- 3.7 In Northern Ireland, Cerberus has appointed Capita to provide local servicing in respect of the Project Eagle loan book. Cerberus European Servicing Ltd interviewed and selected each individual from Capita responsible for servicing the loans, with a view to ensuring the quality of the services provided by Capita in relation to each loan. Each borrower is encouraged to submit a business plan and has a number of opportunities to meet with and engage with Cerberus and Capita with the aim of achieving a consensual plan for each loan. The process for determining a resolution strategy for a loan typically takes a minimum of several months. Meetings are regularly conducted with borrowers to discuss resolution options and progress since Cerberus acquired the Project Eagle portfolio.
- 3.8 Typically, and where possible, Cerberus' preferred outcome is to keep the owners and tenants in place, establish a true value for the property, stabilise the asset and deliver true value for shareholders, owners and tenants. Across Cerberus' non-performing loan portfolios, the vast majority of outcomes are achieved without recourse to litigation.

- 3.9 Prior to the acquisition by Cerberus of the Project Eagle portfolio, enforcement proceedings had been commenced by NAMA for 23% of the UPB, relating to 19 of the 57 borrower connections in the portfolio. Accordingly, Cerberus' options were limited in respect of these elements of the portfolio and it was required to step into NAMA's shoes with respect to these borrowers.
- 3.10 Excluding those connections enforced by NAMA, Cerberus has reached an agreed resolution with its borrower connections without the need for litigation in the vast majority of situations, representing over 85% of the UPB on the remaining portfolio. The agreed resolutions include discounted payoffs, settlement and sell down or combinations thereof or renewed performance under the original or a restructured loan.
- 3.11 In circumstances where it has not been possible to agree a plan, Cerberus' agents have needed to commence enforcement proceedings in relation to 10% of the total UPB. Cerberus has also enforced or is in the process of enforcing a small number of personal guarantees where it has not been possible to reach agreement. Where enforcement has been necessary, Cerberus has appointed experienced local insolvency practitioners to act on its behalf. Three connections are currently subject to litigation. As the Committee will no doubt understand, it would be inappropriate for Cerberus to comment on the detail of those cases, or indeed of any other individual situation.
- 3.12 At the present time, a resolution has been completed or is underway in respect of over 96% of the UPB on the Project Eagle portfolio, representing 52 of the 57 borrower connections in the portfolio.

#### **4 Acquisition of the Project Eagle portfolio**

- 4.1 The Project Eagle portfolio was acquired from NAMA in June 2014 by a Cerberus affiliate formed for the purposes of acquiring the Project Eagle portfolio.
- 4.2 Cerberus notes from the testimony of Frank Daly before the Committee of Public Accounts in Dublin on 9 July 2015 (the "PAC Hearing") that, at a meeting on 12 December 2013, the NAMA board decided that the Project Eagle portfolio should be openly marketed as part of a competitive process. Mr Daly also explained that Lazard (the investment bank engaged by NAMA to oversee the sales process) engaged with nine potential purchasers during the first quarter of 2014. Cerberus does not have information that would assist the Committee as to the involvement of those other potential purchasers.
- 4.3 In early February 2014, Cerberus was invited by Lazard to participate in a competitive auction process for the acquisition of the Project Eagle portfolio. Cerberus submitted its bid on 1 April 2014, which was accepted on 3 April 2014. Cerberus' bid was higher than the reserve price published by NAMA. Cerberus understands from the statements of Mr Brendan McDonagh before the PAC Hearing that it was the highest bidder by a considerable margin and the only bidder to have met or exceeded the reserve price. Cerberus believes that the structured sales process overseen by Lazard was conducted with full integrity.
- 4.4 Cerberus is deeply concerned by the allegations and inferences that have been made recently before this Committee, in the Irish Parliament and the media, related to the Project Eagle sales process. Cerberus understands that those allegations and inferences (made subsequent to Cerberus' acquisition of the portfolio) centre on the conduct of a former managing partner of the law firm Tughans, in particular with regard to an alleged misappropriation of monies by that partner. Cerberus has no first hand information

regarding the partner's actions following receipt of the monies or Tughans' treatment of those funds (aside from having been provided with a copy of Tughans' account of the matter given to the Northern Irish Law Society). Cerberus notes that speculation and inference with regard to third parties will be cleared up in connection with the NCA's pending investigations, and other related investigations.

- 4.5 Cerberus engaged Brown Rudnick LLP (a well-known and respected, US-based, international law firm) as one of its advisers to provide legal and strategic advice in connection with Cerberus' proposed acquisition of the Project Eagle portfolio. With Cerberus' knowledge, Brown Rudnick retained Tughans (a well respected Northern Irish law firm) to supplement their work. The terms of Brown Rudnick's engagement by Cerberus included payment on a success fee only basis. Brown Rudnick agreed to share the success fee with Tughans. The involvement of Brown Rudnick, their involvement of Tughans (and their respective payments on a success fee basis) were known to NAMA in advance of Cerberus being selected as the preferred bidder and its acquisition of the Project Eagle portfolio.
- 4.6 Cerberus is committed to high ethical standards in the conduct of its business. This commitment is and always has been a paramount component of the group's culture. Cerberus is satisfied that no improper or illegal payments have been made by Cerberus or any of its affiliates in connection with the Project Eagle portfolio and Cerberus did not direct or authorise anyone to make such payments on its behalf. To Cerberus' best knowledge, no improper or illegal payments have been made on its behalf in connection with the Project Eagle portfolio.
- 4.7 Brown Rudnick and Tughans provided express confirmation to Cerberus that no fee, commission or other remuneration or payment was payable to any current or former Board member of NAMA, any current or former member of the Executive of NAMA, or any current or former member of an advisory committee of NAMA, in connection with any aspect of Cerberus' participation in the tender process. To the best of Cerberus' knowledge that was and remains true.
- 4.8 In accordance with its commitment to high ethical standards, Cerberus welcomes any investigation into any concerns involving Cerberus' acquisition of the Project Eagle portfolio.

Email [patwhelan@angloirishbank.ie](mailto:patwhelan@angloirishbank.ie)

**From:** Patrick Kearney [mailto:PatrickKearney@pbnholdings.com]  
**Sent:** 07 November 2008 09:53  
**To:** Pat Whelan  
**Subject:** e mail of 15th Oct and Share facility.  
**Importance:** High

Good Morning Pat,

I don't mind nipping down to Dublin to discuss the matter and for a catch up if you can spare the time or perhaps meet you half way.

In another vein I have been talking to Ciaran McAreavey re the Taggart Lands at Millmount and indeed other sites in need of Planning input. I am more than happy to assist in any way I can. I am currently preparing some appraisals and thoughts which will hopefully assist Ciaran and I have already had some fact finding discussions with my contacts in Coogan's the original architects on the scheme who have provided me with some info from the original application which was in my opinion was foolishly withdrawn. I have some feelers out for info on the current state of play with planners and I am preparing various appraisals showing different scenarios for the scheme, I will revert to Ciaran shortly.

Look forward to hearing from you soon.

Best Regards Paddy

**Patrick Kearney**  
Director (PBN Holdings)



**Patrick Kearney Property Limited**

Adelaide House  
Hawthorn Business Centre  
Falcon Road  
Belfast, BT12 6SJ  
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Name & Registered Office:  
TITANIC CAPITAL PARTNERS LLP  
JOHNSON HOUSE 50-56  
WELLINGTON PLACE  
BELFAST  
BT1 6GF  
Company No. NC000773

Status: Dissolved 31/05/2013  
Date of registration: 24/05/2011

Country of Origin: United Kingdom

Company Type: Limited Liability Partnership  
Nature of Business (SIC):  
None Supplied

Accounting Reference Date: 31/05  
Last Accounts Made Up To: (NO ACCOUNTS FILED)  
Next Accounts Due:  
Last Return Made Up To: 24/05/2012  
Next Return Due:

Mortgage: Number of charges: ( 0 outstanding / 0 satisfied / 0 part satisfied )

Previous Names:  
No previous name information has been recorded over the last 20 years.

UK Establishment Details  
There are no UK Establishments associated with this company.

Overseas Company Info  
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|  | GAZ1(A) | 08/02/2013 | FIRST GAZETTE NOTICE FOR VOLUNTARY STRIKE-OFF                |       |
|  | LLDS01  | 28/01/2013 | APPLICATION FOR STRIKING OFF A LIMITED LIABILITY PARTNERSHIP |       |
|  | LLAR01  | 19/06/2012 | ANNUAL RETURN MADE UP TO 24/05/12                            | ✓     |
|  | LLIN01  | 24/05/2011 | INCORPORATION DOCUMENT<br>CERTIFICATE OF INCORPORATION       |       |

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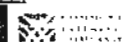
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## Annual Return



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*LLP name in full:* TITANIC CAPITAL PARTNERS LLP

*LLP Number:* NC000773

*Date of this return:* 24/05/2012

*Company Type:* Limited Liability Partnership

*Situation of Registered Office:* JOHNSON HOUSE 50-56  
WELLINGTON PLACE  
BELFAST  
BT1 6GF

*LLP Member*                    **I**  
*Type:*                            **Person**  
*Full forename(s):*            **MR BRENDAN**

*Surname:*                      **MCGINN**

*Former names:*

*Service Address:*            **THE CORN EXCHANGE BUILDING 31-31A GORDON STREET**  
                                      **BELFAST**  
                                      **NORTHERN IRELAND**  
                                      **BT1 2LG**

**Appointment is for a Designated Member**

*Country/State Usually Resident:*   **NORTHERN IRELAND**

*Date of Birth:*   **09/07/1969**

-----

*LLP Member* 2  
*Type:* Person  
*Full forename(s):* MR PAUL

*Surname:* TWEED

*Former names:*

*Service Address:* JOHNSONS HOUSE 50-56  
WELLINGTON PLACE  
BELFAST  
NORTHERN IRELAND  
BT1 6GF

**Appointment is for a Designated Member**

*Country/State Usually Resident:* NORTHERN IRELAND

*Date of Birth:* 06/06/1955

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Designated member, Judicial factor.

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#### Name & Registered Office.

**AMERICA IRELAND MEDIA LLP**  
ST ANNE'S HOUSE 15 CHURCH STREET  
CATHEDRAL QUARTER  
BELFAST  
BT1 1PG  
Company No. NC000316

Status: Active - Proposal to Strike off  
Date of registration: 12/09/2007

Country of Origin: United Kingdom

Company Type: Limited Liability Partnership  
Nature of Business (SIC):  
None Supplied

Accounting Reference Date: 30/09  
Last Accounts Made Up To: 30/09/2014 (TOTAL EXEMPTION SMALL)  
Next Accounts Due: 30/06/2016  
Last Return Made Up To: 30/09/2014  
Next Return Due: 28/10/2015

Mortgage: Number of charges: ( 0 outstanding / 0 satisfied / 0 part satisfied )

#### Previous Names:

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#### UK Establishment Details

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#### Overseas Company Info

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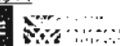
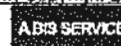
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|  | LLDS01      | 22/07/2015 | APPLICATION FOR STRIKING OFF A LIMITED LIABILITY PARTNERSHIP                                    |       |
|  | AA          | 30/06/2015 | 30/09/14 TOTAL EXEMPTION SMALL  | ✓     |
|  | LLAR01      | 27/10/2014 | ANNUAL RETURN MADE UP TO 30/09/14   | ✓     |
|  | AA          | 02/07/2014 | 30/09/13 TOTAL EXEMPTION SMALL  |       |
|  | LLAD01      | 30/04/2014 | REGISTERED OFFICE CHANGED ON 30/04/2014 FROM THE CORN EXCHANGE 31-31A GORDON ST BELFAST BT1 2LG |       |
|  | LLAR01      | 01/10/2013 | ANNUAL RETURN MADE UP TO 30/09/13   |       |
|  | AA          | 03/05/2013 | 30/09/12 TOTAL EXEMPTION SMALL  |       |
|  | LLAR01      | 15/10/2012 | ANNUAL RETURN MADE UP TO 30/09/12   |       |
|  | LLAP02      | 14/06/2012 | CORPORATE LLP MEMBER APPOINTED PAUL TWEED MEDIA LLP   |       |
|  | LLTM01      | 14/06/2012 | APPOINTMENT TERMINATED, LLP MEMBER PAUL TWEED   |       |
|  | AA          | 29/05/2012 | 30/09/11 TOTAL EXEMPTION SMALL  |       |
|  | LLAR01      | 22/03/2012 | ANNUAL RETURN MADE UP TO 30/09/11   |       |
|  | LLCH01      | 22/03/2012 | LLP MEMBER'S CHANGE OF PARTICULARS / PAUL TWEED / 01/10/2010                                    |       |
|  | AA          | 21/12/2011 | 30/09/10 TOTAL EXEMPTION SMALL  |       |
|  | LLAR01      | 18/01/2011 | ANNUAL RETURN MADE UP TO 30/09/10   |       |
|  | AA          | 05/07/2010 | 30/09/09 TOTAL EXEMPTION SMALL  |       |
|  | LLAR01      | 16/12/2009 | ANNUAL RETURN MADE UP TO 30/09/09   |       |
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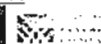
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# LLAR01 (ef)

## Annual Return



Received for filing in Electronic Format on the: 27/10/2014

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*LLP name in full:* AMERICA IRELAND MEDIA LLP

*LLP Number:* NC000316

*Date of this return:* 30/09/2014

*Company Type:* Limited Liability Partnership

*Situation of Registered Office:* ST ANNE'S HOUSE 15 CHURCH STREET  
CATHEDRAL QUARTER  
BELFAST  
NORTHERN IRELAND  
BT1 1PG

*LLP Member*                    **1**  
*Type:*                            **Person**  
*Full forename(s):*            **MR BRENDAN**

*Surname:*                      **MCGINN**

*Former names:*

*Service Address:*            **757 ANTRIM RD**  
                                      **BELFAST**  
                                      **BT15 4EN**

**Appointment is for a Designated Member**

*Country/State Usually Resident:*   **IRELAND**

*Date of Birth:*   **09/07/1969**

*LLP Member*                      2

*Type:*                                      **Corporate**

*Name:*                                    PAUL TWEED MEDIA LLP

*Registered or  
principal address:*                      50 WELLINGTON PLACE  
BELFAST  
ANTRIM  
IRELAND  
BT1 6GF

*European Economic Area (EEA) LLP*

*Register Location:*                      NORTHERN IRELAND

*Registration Number:*                      NC000898

**Appointment is for a Designated Member**

---

*Authorisation*

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*This form was authorised by one of the following:*

Designated member, Judicial factor.

Limited Liability Partnership Number: NC000316

**America Ireland Media LLP**  
**Unaudited Abbreviated Financial Statements**  
**for the year ended 30 September 2014**

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**America Ireland Media LLP**  
**CHARTERED ACCOUNTANTS' REPORT TO THE MEMBERS OF**  
**AMERICA IRELAND MEDIA LLP ON THE UNAUDITED ABBREVIATED**  
**FINANCIAL STATEMENTS**

In accordance with our engagement letter dated 1 June 2015 and in order to assist you to fulfil your duties under the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, we have prepared for your approval the abbreviated financial statements of the Limited Liability Partnership for the year ended 30 September 2014 which comprise the Abbreviated Balance Sheet, the Accounting Policies and the related notes from the Limited Liability Partnership's accounting records and information and explanations you have given us.

This report is made to the Limited Liability Partnership's members of America Ireland Media LLP, as a body, in accordance with the terms of our engagement. Our work has been undertaken solely to prepare for your approval the abbreviated financial statements of America Ireland Media LLP and state those matters that we have agreed to state to the Limited Liability Partnership's members of America Ireland Media LLP, as a body, in this report in accordance with the guidance of Chartered Accountants Ireland. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than America Ireland Media LLP and its members as a body for our work or for this report.

We have carried out this engagement in accordance with guidance issued by Chartered Accountants Ireland and have complied with the ethical guidance laid down by Chartered Accountants Ireland relating to members undertaking the compilation of financial statements.

It is your duty to ensure that America Ireland Media LLP has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of America Ireland Media LLP. You consider that America Ireland Media LLP is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the abbreviated financial statements of America Ireland Media LLP. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory abbreviated financial statements.



**QUARTER**  
Chartered Accountants  
St Anne's House  
15 Church Street  
Cathedral Quarter  
Belfast  
BT1 1PG

**Date: 22 June 2015**

**America Ireland Media LLP**

Limited Liability Partnership Number: NC000316

**ABBREVIATED BALANCE SHEET**

as at 30 September 2014

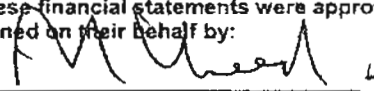
|  | Notes | 2014<br>£    | 2013<br>£    |
|--|-------|--------------|--------------|
| <b>Current Assets</b>                          |       |              |              |
| Cash at bank and in hand                       |       | 141          | 162          |
| Creditors: Amounts falling due within one year |       | (970)        | (500)        |
| <b>Net Current Liabilities</b>                 |       | <u>(829)</u> | <u>(338)</u> |
| <b>Net liabilities attributable to members</b> |       | <u>(829)</u> | <u>(338)</u> |
| <b>Represented By:</b>                         |       |              |              |
| <b>Members' other interests</b>                |       |              |              |
| Members' capital classified as equity          |       | <u>(829)</u> | <u>(338)</u> |
| <b>Total Members' Interests</b>                |       |              |              |
| Members' other interests                       |       | <u>(829)</u> | <u>(338)</u> |

For the year ended 30 September 2014 the Limited Liability Partnership was entitled to exemption under Section 477 of the Companies Act 2006, as modified by Regulation 34 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

The members acknowledge their responsibilities for ensuring that the Limited Liability Partnership keeps accounting records which comply with Section 386 and for preparing financial statements which give a true and fair view of the state of affairs of the Limited Liability Partnership as at the end of the financial year and of its profit and loss for the year then ended in accordance with Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act relating to financial statements, so far as applicable to the Limited Liability Partnership.

These abbreviated financial statements have been prepared in accordance with the special provisions relating to small Limited Liability Partnerships within Part 15 of the Companies Act 2006 (as applied to Limited Liability Partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008).

These financial statements were approved by the members and authorised for issue on 22 June 2015, and signed on their behalf by:

  
Paul Tweed  
For and on Behalf of Paul Tweed Media LLP  
Designated Member

## **America Ireland Media LLP** **ACCOUNTING POLICIES**

for the year ended 30 September 2014

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' issued in March 2010 (SORP 2010) and the financial reporting standards. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Limited Liability Partnership's financial statements.

### **Cash flow statement**

The Limited Liability Partnership has availed of the exemption in FRS 1 from the requirement to produce a cash flow statement because it is classed as a small Limited Liability Partnership.

### **Members' remuneration**

Members' remuneration is treated as a charge against profits. It includes profits that are automatically divided between members by virtue of the members' agreement.

A member's share in the profit and loss for the year is accounted for as an allocation of profits.



**America Ireland Media LLP**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**

for the year ended 30 September 2014

**1. GOING CONCERN**

The entity incurred a loss in the year ended 30th September 2014 of £491 and the balance sheet shows a deficiency of assets of £829. The company is dependant on the ongoing support of its members.

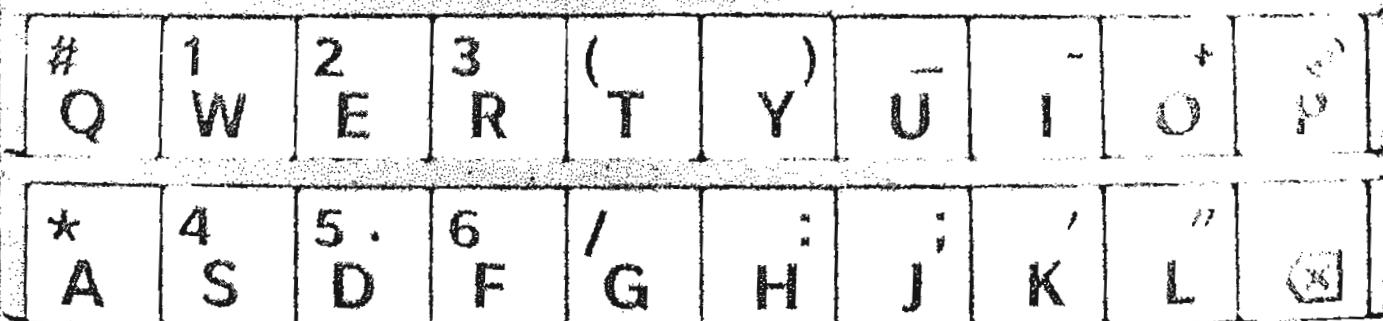
**Brendan McGinn | Fortress  
Investment Group LLC |  
ZoomInfo.com**

**www.zoominfo.com/.../Brendan-  
McGinn...**

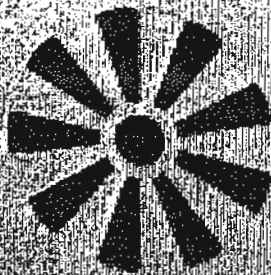
**View Brendan McGinn's  
business profile at Fortress  
Investment Group LLC and see  
work history, affiliations and more.**

**Brendan McGinn, N6  
(Concession) Limited -**

**google.co.uk/search?q=brendan+mcginn+fortress&og=brendan+mcginn**



Enter Person's Name



# Brendan McGinn

Phone: +44 \*\*\*\*\*

**DIRECT**

Email: b\*\*\*@\*\*\*.com

Local Address: London, United Kingdom

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Fortress Investment Group LLC  
1345 Avenue Of The Americas 46Th Floor  
New York, New York 10105  
United States

**Company Description:** Fortress Investment Group LLC (Fortress) is a global alternative asset manager that raises, invests and manages private equity funds and hedge funds. Fortress earns...

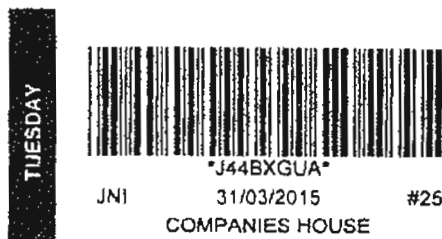
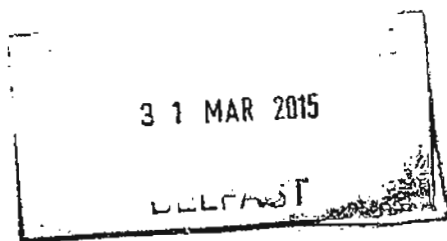
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**KILMONA HOLDINGS LIMITED (FORMERLY PBN  
HOLDINGS LIMITED)**

**FINANCIAL STATEMENTS**

**30 JUNE 2014**



**MANEELY Mc CANN**

Chartered Accountants & Statutory Auditor  
Aisling House  
50 Stranmillis Embankment  
Belfast  
BT9 5FL

**KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS  
LIMITED)**

**FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 2014**

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**KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS  
LIMITED)**

**OFFICERS AND PROFESSIONAL ADVISERS**

**The board of directors**

D Mitchell  
H Wilson  
P Kearney  
P McCartney

**Company secretary**

H Wilson

**Registered office**

Adelaide House  
Falcon Road  
Belfast  
BT12 6SJ

**Auditor**

Maneely Mc Cann  
Chartered Accountants  
& Statutory Auditor  
Aisling House  
50 Stranmillis Embankment  
Belfast  
BT9 5FL

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## OFFICERS AND PROFESSIONAL ADVISERS *(continued)*

### Bankers

Anglo Irish Bank  
14 - 18 Great Victoria Street  
Belfast  
BT2 7BA

First Trust Bank  
35 University Road  
Belfast  
BT7 1ND

Progressive Building Society  
33/37 Wellington Place  
Belfast  
BT1 6HH

Bank of Ireland  
4 - 8 High Street  
Belfast  
BT1 2BA

Danske Bank Ltd  
353 Lisburn Road  
Belfast  
BT9 7EP

Promontoria Eagle Limited  
1 Grant's Row  
Mount Street Lower  
Dublin 2  
Ireland

### Republic of Ireland National Bank Asset Relief Agency

National Asset Management Agency  
Treasury Building  
Grand Canal Street  
Dublin 2  
Republic of Ireland

### Solicitors

Dickson Minto W.S  
16 Charlotte Square  
Edinburgh  
EH2 4DF

Tughans  
Marlborough House  
30 Victoria Street  
Belfast  
BT1 3GG

O'Reilly Stewart Solicitors  
75-77 May Street  
Belfast  
BT1 6JH

# **KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)**

## **STRATEGIC REPORT YEAR ENDED 30 JUNE 2014**

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activities of the group during the year were those of a holding company, the provision of management services to subsidiaries, hotelier, warehouse storage and handling, and the development, sale and rental of property.

Through the year, the directors continued to interact with the Republic of Ireland National Asset Management Agency (NAMA) to maximise the inherent economic value to be derived from the Kilmona Holdings Limited (formerly PBN Holdings Limited) Group of Companies' asset base.

On 20 June 2014, the Kilmona Holdings Limited Group of Companies (Kilmona Group) loans were sold by NAMA to an affiliate of Cerberus Capital Management LP (Cerberus). Following discussions between Cerberus and the directors, Cerberus sold the Kilmona Group's loans to an American Bank on 21 January 2015. The American Bank has provided secured lending facilities to the Kilmona Group based on the group's asset strategies which will develop and maximise the inherent economic value of these assets. The directors also completed a group secured debt restructure in January 2015 to strengthen the Kilmona Group's financial position with a corresponding significant positive impact on the group's balance sheet.

The Kilmona Group has the necessary cash cover to meet their total on-going non-secured creditor obligations and liabilities for the foreseeable future. In light of the above, the directors consider it appropriate to prepare the financial statements on a going concern basis.

### **FUTURE DEVELOPMENTS**

The directors intend to develop and maximise the inherent economic value of the Kilmona Group's asset base with the group's new secured lender.

### **FINANCIAL RISK MANAGEMENT**

The company's operations expose it to a variety of financial risks that include the effects of changes in debt, market prices, credit risk, liquidity risk and interest rate risk. The company and the group have in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and related finance costs.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set out by the board are implemented by the directors.

Given the nature and location of its operations the company and the group are not significantly exposed to price risk or foreign exchange risk.

### **Liquidity Risk**

The company actively maintains a mixture of long term and short term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.



# **KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)**

## **STRATEGIC REPORT *(continued)* YEAR ENDED 30 JUNE 2014**

### **Interest Rate Risk**

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, all of which earn interest at a variable rate. The company has a policy of maintaining interest bearing liabilities at fixed rates via interest rate swaps and swaptions as per the historic insistence and direction of the group's Irish Banks.

### **Credit Risk**

It is standard company policy to perform appropriate credit checks on all potential customers before contracts are entered into. The nature of contract normally undertaken means there is no undue amount of exposure to any individual customer.

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'H. Wilson', with a stylized flourish at the end.

H Wilson  
Company Secretary

Approved by the directors on 27 March 2015

# **KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)**

## **DIRECTORS' REPORT YEAR ENDED 30 JUNE 2014**

The directors present their report and the financial statements of the group for the year ended 30 June 2014.

### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £215,913,938. Particulars of dividends paid are detailed in note 10 to the financial statements.

### **DIRECTORS**

The directors who served the company during the year were as follows:

D Mitchell  
H Wilson  
P Kearney  
P McCartney

### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS  
LIMITED)**

**DIRECTORS' REPORT *(continued)*  
YEAR ENDED 30 JUNE 2014**

**AUDITOR**

Maneely Mc Cann are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:  
Adelaide House  
Falcon Road  
Belfast  
BT12 6SJ

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'H. Wilson', with a stylized flourish at the end.

H Wilson  
Company Secretary

Approved by the directors on 27 March 2015

# **KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)**

**YEAR ENDED 30 JUNE 2014**

We have audited the group and parent company financial statements ("the financial statements") of Kilmona Holdings Limited (formerly PBN Holdings Limited) for the year ended 30 June 2014. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED) *(continued)***

**YEAR ENDED 30 JUNE 2014**

**BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS**

With respect to certain year end loan balances and loan interest payable, the audit evidence available to us was limited as we were unable to obtain sufficient appropriate audit evidence in relation to the loan balances payable at the year end and the loan interest payable in respect of same for the year. The loan balances were taken over by Cerberus from NAMA during the year and we were unable to clarify the year end balances of certain loans from Cerberus. Had this information been available to us we might have formed a different opinion on the financial statements. We were unable to obtain sufficient appropriate audit evidence regarding the year end loan balances and loan interest payable by using other audit procedures.

With respect to the disclosure of statutory information, the notes to the financial statements do not disclose the directors' remuneration. Such disclosure is required by the Companies Act 2006.

**QUALIFIED OPINION ON FINANCIAL STATEMENTS**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 30 June 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED) *(continued)***

**YEAR ENDED 30 JUNE 2014**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

Arising from the disagreement relating to disclosure of directors' remuneration as described above:

- certain disclosures of directors' remuneration specified by law are not made.

Arising from the limitation of our work referred to above:

- we have not received all the third party information and explanations we require for our audit.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

**KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED) (continued)  
YEAR ENDED 30 JUNE 2014**

**EMPHASIS OF MATTER - GOING CONCERN**

In forming our opinion on the financial statements, which is not modified in respect of going concern, we have considered the adequacy of the disclosure made in note 1 to the financial statements. The note states that the company, as part of the Kilmona Holdings Limited Group of Companies, had its loans sold by NAMA to an affiliate of Cerberus Capital Management LP (Cerberus). Following discussions between Cerberus and the directors, Cerberus sold the Kilmona Group's loans to an American Bank on 21 January 2015. The American Bank has provided secured lending facilities to the Kilmona Group based on the group's asset strategies which will develop and maximise the inherent economic value of these assets. The directors also completed a group secured debt restructure in January 2015 to strengthen the Kilmona Group's financial position with a corresponding significant positive impact on the group's balance sheet.

The Kilmona Group has the necessary cash cover to meet its total on-going non-secured creditor obligations and liabilities for the foreseeable future. In light of the above, the directors consider it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.



CATHAL MANEELY (Senior Statutory Auditor)

For and on behalf of  
MANEELY Mc CANN  
Chartered Accountants  
& Statutory Auditor

Aisling House  
50 Stranmillis Embankment  
Belfast  
BT9 5FL

27 March 2015

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## PROFIT AND LOSS ACCOUNT YEAR ENDED 30 JUNE 2014

|   | Note | 2014<br>£            | 2013<br>£         |
|---|------|----------------------|-------------------|
| <b>TURNOVER (including share of joint venture)</b>                    |      |                      |                   |
| Continuing operations   |      | 16,950,631           | 19,681,131        |
| Discontinued operations   |      | —                    | 3,776,346         |
| Less: share of joint venture turnover                                 |      | (247,723)            | (337,659)         |
| <b>Group Turnover</b>   |      | <b>16,702,908</b>    | <b>23,119,818</b> |
| Cost of sales   | 3    | (20,789,646)         | (16,201,825)      |
| <b>GROSS (LOSS)/PROFIT</b>  |      | <b>(4,086,738)</b>   | <b>6,917,993</b>  |
| Net operating expenses  | 3    | 167,343,777          | (9,257,569)       |
| <b>OPERATING (LOSS)/PROFIT:</b>                                       | 5    |                      |                   |
| Continuing operations   |      | (171,391,839)        | 14,251,768        |
| Discontinued operations   |      | (38,676)             | 1,923,794         |
| <b>GROUP OPERATING (LOSS)/PROFIT</b>                                  |      | <b>(171,430,515)</b> | <b>16,175,562</b> |
| Share of joint venture operating loss/profit                          |      | (2,597,377)          | 271,661           |
| <b>TOTAL OPERATING LOSS/PROFIT: GROUP AND SHARE OF JOINT VENTURES</b> |      | <b>(174,027,892)</b> | <b>16,447,223</b> |
| Loss on disposal of discontinued operations                           |      | —                    | (2,086,591)       |
|   |      | <b>(174,027,892)</b> | <b>14,360,632</b> |
| Interest receivable   |      | 7,430                | 15,617            |
| Share of interest receivable, joint venture                           |      | 27                   | 175               |
| Interest payable and similar charges                                  | 7    | (39,858,905)         | (7,175,560)       |
| Share of interest payable, joint venture                              |      | (356,712)            | (216,532)         |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>           |      | <b>(214,236,052)</b> | <b>6,984,332</b>  |
| Tax on (loss)/profit on ordinary activities                           | 8    | 1,950,467            | 1,270,951         |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>            |      | <b>(216,186,519)</b> | <b>5,713,381</b>  |
| Minority interests  |      | (272,581)            | 38,017            |
| <b>(LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>    | 9    | <b>(215,913,938)</b> | <b>5,675,364</b>  |
| Carried forward   |      | <b>(215,913,938)</b> | <b>5,675,364</b>  |

The notes on pages 17 to 35 form part of these financial statements.



**KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS  
LIMITED)**

**PROFIT AND LOSS ACCOUNT *(continued)*  
YEAR ENDED 30 JUNE 2014**

|   |                             |                         |
|---|-----------------------------|-------------------------|
| Brought forward                             | (215,913,938)               | 5,675,364               |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b> | <b><u>(215,913,938)</u></b> | <b><u>5,675,364</u></b> |

The company has taken advantage of section 408 of the Companies Act 2006  
not to publish its own Profit and Loss Account.

The notes on pages 17 to 35 form part of these financial statements.

**KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS  
LIMITED)**

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
YEAR ENDED 30 JUNE 2014**

|  | 2014<br>£            | 2013<br>£ |
|--|----------------------|-----------|
| (Loss)/Profit for the financial year excluding share of (loss)/profit of joint venture | <b>(212,959,876)</b> | 5,620,060 |
| Share of joint venture (loss)/profit for the year                                      | <b>(2,954,062)</b>   | 55,304    |
| (Loss)/Profit attributable to shareholders of the parent company                       | <b>(215,913,938)</b> | 5,675,364 |
| Unrealised loss on revaluation of certain fixed assets                                 | <b>(20,087,370)</b>  | –         |
| Group revaluation surpluses  | <b>(236,001,308)</b> | 5,675,364 |
| Total gains and losses recognised since the last annual report                         | <b>(236,001,308)</b> | 5,675,364 |

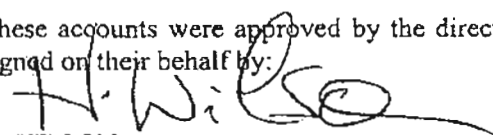
The notes on pages 17 to 35 form part of these financial statements.

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## GROUP BALANCE SHEET 30 JUNE 2014

|  | Note | 2014<br>£            | 2013<br>£            |
|--|------|----------------------|----------------------|
| <b>FIXED ASSETS</b>  |      |                      |                      |
| Intangible assets  | 11   | 13,801               | 5,336,499            |
| Tangible assets  | 12   | 77,681,877           | 182,537,474          |
| Investments  | 13   |                      |                      |
| Investments in joint ventures:                                 |      |                      |                      |
| Share of gross assets  |      | 1,648,751            | 4,327,695            |
| Share of gross liabilities                                     |      | (4,862,574)          | (4,604,956)          |
|  |      | (3,213,823)          | (277,261)            |
| Other investments  |      | 28,350,001           | 97,912,854           |
|  |      | <u>25,136,178</u>    | <u>97,635,593</u>    |
|  |      | <u>102,831,856</u>   | <u>285,509,566</u>   |
| <b>CURRENT ASSETS</b>  |      |                      |                      |
| Stocks   | 14   | 10,423,460           | 26,670,423           |
| Debtors  | 15   | 10,821,546           | 11,853,708           |
| Cash at bank   |      | 3,758,693            | 4,637,773            |
|  |      | <u>25,003,699</u>    | <u>43,161,904</u>    |
| <b>CREDITORS: Amounts falling due within one year</b>          | 16   | 349,798,328          | 313,373,275          |
| <b>NET CURRENT LIABILITIES</b>                                 |      | <u>(324,794,629)</u> | <u>(270,211,371)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | <u>(221,962,773)</u> | <u>15,298,195</u>    |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 17   | 318,822              | 352,129              |
| <b>PROVISIONS FOR LIABILITIES</b>                              |      |                      |                      |
| Deferred taxation  | 19   | 443,984              | –                    |
|  |      | <u>(222,725,579)</u> | <u>14,946,066</u>    |
| <b>MINORITY INTERESTS</b>                                      |      | <u>–</u>             | <u>(343,663)</u>     |
|  |      | <u>(222,725,579)</u> | <u>15,289,729</u>    |
| <b>CAPITAL AND RESERVES</b>                                    |      |                      |                      |
| Called-up share capital  | 22   | 7,000,099            | 8,900,099            |
| Revaluation reserve  | 23   | –                    | 20,087,370           |
| Other reserves   | 23   | 1,900,000            | –                    |
| Profit and loss account  | 23   | (231,625,678)        | (13,697,740)         |
| <b>(DEFICIT)/SHAREHOLDERS' FUNDS</b>                           | 24   | <u>(222,725,579)</u> | <u>15,289,729</u>    |

These accounts were approved by the directors and authorised for issue on 27 March 2015, and are signed on their behalf by:

  
H WILSON  
DIRECTOR

The notes on pages 17 to 35 form part of these financial statements.

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## BALANCE SHEET 30 JUNE 2014

|  | Note | 2014<br>£           | 2013<br>£         |
|--|------|---------------------|-------------------|
| <b>FIXED ASSETS</b>  |      |                     |                   |
| Investments  | 13   | 40,102              | 20,974,973        |
| <b>CURRENT ASSETS</b>  |      |                     |                   |
| Debtors  | 15   | 2,900,000           | —                 |
| Cash at bank   |      | 178,223             | 179,149           |
|  |      | <u>3,078,223</u>    | <u>179,149</u>    |
| <b>CREDITORS: Amounts falling due within one year</b>          | 16   | 17,482,060          | 16,854            |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>                        |      | <u>(14,403,837)</u> | <u>162,295</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | <u>(14,363,735)</u> | <u>21,137,268</u> |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 17   | 126,462             | 17,592,594        |
|  |      | <u>(14,490,197)</u> | <u>3,544,674</u>  |
| <b>CAPITAL AND RESERVES</b>                                    |      |                     |                   |
| Called-up share capital  | 22   | 7,000,099           | 7,000,099         |
| Profit and loss account  | 23   | (21,490,296)        | (3,455,425)       |
| <b>(DEFICIT)/SHAREHOLDERS' FUNDS</b>                           |      | <u>(14,490,197)</u> | <u>3,544,674</u>  |

These accounts were approved by the directors and authorised for issue on 27 March 2015, and are signed on their behalf by:

  
H WILSON  
DIRECTOR

Company Registration Number: NI056039

The notes on pages 17 to 35 form part of these financial statements.

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## GROUP CASH FLOW STATEMENT YEAR ENDED 30 JUNE 2014

|  | Note      | 2014<br>£           | 2013<br>£          |
|--|-----------|---------------------|--------------------|
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>                             | <b>25</b> | <b>11,056,529</b>   | <b>24,803,820</b>  |
| <b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>                       |           |                     |                    |
| Interest received  |           | 7,430               | 15,617             |
| Interest paid  |           | (39,857,709)        | (7,173,645)        |
| Interest element of hire purchase  |           | (1,196)             | (1,915)            |
| <b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b> |           | <b>(39,851,475)</b> | <b>(7,159,943)</b> |
| <b>CAPITAL EXPENDITURE</b>   |           |                     |                    |
| Payments to acquire intangible fixed assets                                  |           | (633,773)           | 48,741             |
| Payments to acquire tangible fixed assets                                    |           | (188,508)           | (10,148,693)       |
| Receipts from sale of fixed assets   |           | —                   | 3,582,149          |
| <b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>                             |           | <b>(822,281)</b>    | <b>(6,517,803)</b> |
| <b>ACQUISITIONS AND DISPOSALS</b>  | <b>25</b> | <b>—</b>            | <b>(2,086,590)</b> |
| <b>EQUITY DIVIDENDS PAID AND OTHER APPROPRIATIONS</b>                        |           | <b>(2,014,000)</b>  | <b>(114,000)</b>   |
| <b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>                                |           | <b>(31,631,227)</b> | <b>8,925,484</b>   |
| <b>FINANCING</b>   |           |                     |                    |
| Increase in/(repayment of) bank loans  |           | 29,882,339          | (9,551,474)        |
| Net inflow from other short-term creditors                                   |           | 884,661             | 180,330            |
| Capital element of hire purchase   |           | (12,750)            | (29,000)           |
| Net outflow from other long-term creditors                                   |           | —                   | (50)               |
| <b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING</b>                              |           | <b>30,754,250</b>   | <b>(9,400,194)</b> |
| <b>DECREASE IN CASH</b>  | <b>25</b> | <b>(876,977)</b>    | <b>(474,710)</b>   |

The notes on pages 17 to 35 form part of these financial statements.

# **KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of Companies Act 2006.

#### **Turnover**

The turnover shown in the profit and loss account represents the total invoice value, excluding Value Added Tax, of goods and services provided during the year. It also represents the amount derived from proceeds of the sale of trading properties, rentals and service charges receivable on lettings to tenants.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill on consolidation                      -    5% Straight Line

#### **Fixed assets**

All fixed assets are initially recorded at cost.

Land and buildings, other than investment properties, are revalued in accordance with FRS 15, Tangible Fixed Assets. Any surpluses or deficits thereon were credited/debited to a revaluation reserve. Deficits arising were charged to the profit and loss account if not exceeded by previous revaluation surpluses.

The annual depreciation charge which would be necessary to write down the book value of the assets to residual value is considered to be immaterial and is therefore not provided for.

# **KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014**

### **1. ACCOUNTING POLICIES *(continued)***

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

|                     |  |
|---------------------|--|
| Plant & Machinery   | - Between 10% Straight Line and 25% Reducing Balance   |
| Fixtures & Fittings | - Between 15% Reducing Balance and 33.3% Straight Line |
| Motor Vehicles      | - Between 15% Straight Line and 25% Straight Line      |

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

#### **Investment properties**

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike the Companies Act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# **KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014**

### **1. ACCOUNTING POLICIES** *(continued)*

#### **Deferred taxation**

Tax losses are surrendered between group companies for no consideration.

Tax arising on the sale of revalued assets is allocated on a pro rata basis between the gain reported in the Profit & Loss Account and the revaluation gain reported previously in the Statement of Total Recognised gains and Losses.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### **Derivative instruments**

The group uses derivative financial instruments on some borrowings to manage interest rate fluctuations. Derivatives used are interest rate swaps and interest rate collars.

#### **Investments**

Fixed asset investments are stated at cost less provision for permanent diminution in value.

The group owns 100% of the units in the West One Retail Park Property Unit Trust and the Savoy Centre Property Unit Trust. The Unit Trust income has been reflected in these financial statements.

#### **Going concern**

Through the year, the Directors continued to interact with the Republic of Ireland National Asset Management Agency (NAMA) to maximise the inherent economic value to be derived from the Kilmona Group's asset base.

On 20 June 2014, the Kilmona Group loans were sold by NAMA to an affiliate of Cerberus Capital Management LP (Cerberus). Following discussions between Cerberus and the Directors, Cerberus sold the Kilmona Group's loans to an American Bank on 21 January 2015. The American Bank has provided secured lending facilities to the Kilmona Group based on the Group's Asset strategies which will develop and maximise the inherent economic value of these assets. The Directors also completed a Group secured debt restructure in January 2015 to strengthen the Kilmona Group's financial position with a corresponding significant positive impact on the Group's Balance Sheet.

The Kilmona Group has the necessary cash cover to meet its total on-going non-secured creditor obligations and liabilities for the foreseeable future. In light of the above, the Directors consider it appropriate to prepare the financial statements for the year ended 30 June 2014 on a going concern basis.



# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 2. TURNOVER

The turnover and loss before tax are attributable to the different principal activities of the group. An analysis of turnover is given below:

|  | 2014<br>£         | 2013<br>£         |
|--|-------------------|-------------------|
| Property sales                               | –                 | 850,000           |
| Rent receivable                              | 9,169,996         | 9,145,591         |
| Rent receivable - joint ventures             | 247,723           | 337,659           |
| Hotel income                                 | 2,319,009         | 2,356,480         |
| Warehouse & storage handling                 | 3,428,752         | 3,199,068         |
| Income from unit trusts                      | 782,551           | 2,733,970         |
| Retail sale of alcohol & other beverages     | –                 | 1,872,714         |
| Wholesale trade of alcohol & other beverages | –                 | 1,903,632         |
| Service charge management fees               | 1,002,600         | 1,058,363         |
|  | <u>16,950,631</u> | <u>23,457,477</u> |

### 3. ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

|                                 | Continuing<br>operations<br>£ | Discontinued<br>operations<br>£ | Total<br>£         |
|---------------------------------|-------------------------------|---------------------------------|--------------------|
| <b>YEAR ENDED 30 JUNE 2014</b>  |                               |                                 |                    |
| Cost of sales                   | <u>20,789,215</u>             | <u>431</u>                      | <u>20,789,646</u>  |
| Administrative expenses         | 167,423,145                   | 38,245                          | 167,461,390        |
| Other operating income (Note 4) | (117,613)                     | –                               | (117,613)          |
| Net operating expenses          | <u>167,305,532</u>            | <u>38,245</u>                   | <u>167,343,777</u> |
| <b>YEAR ENDED 30 JUNE 2013</b>  |                               |                                 |                    |
| Turnover                        | 19,343,472                    | 3,776,346                       | 23,119,818         |
| Cost of sales                   | 12,841,219                    | 3,360,606                       | 16,201,825         |
| Gross profit                    | <u>6,502,253</u>              | <u>415,740</u>                  | <u>6,917,993</u>   |
| Administrative expenses         | (7,580,610)                   | (1,508,054)                     | (9,088,664)        |
| Other operating income (Note 4) | (168,905)                     | –                               | (168,905)          |
| Net operating expenses          | <u>7,749,515</u>              | <u>1,508,054</u>                | <u>9,257,569</u>   |
| Operating profit                | <u>14,251,768</u>             | <u>1,923,794</u>                | <u>16,175,562</u>  |

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 4. OTHER OPERATING INCOME

|                        | 2014           | 2013           |
|------------------------|----------------|----------------|
|                        | £              | £              |
| Other operating income | <u>117,613</u> | <u>168,905</u> |

### 5. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

|   | 2014             | 2013         |
|---|------------------|--------------|
|   | £                | £            |
| Amortisation of intangible assets                           | 421,601          | 452,843      |
| Depreciation of owned fixed assets                          | 145,061          | 162,060      |
| Depreciation of assets held under hire purchase agreements  | 4,695            | 6,259        |
| Loss on disposal of fixed assets                            | –                | 305,491      |
| Auditor's remuneration - audit of the financial statements  | 39,750           | 39,795       |
| Auditor's remuneration - other fees                         | 1,000            | 25,225       |
| Exceptional items - loan provision                          | –                | (16,054,389) |
| Exceptional items - loan write off                          | –                | (383,937)    |
| Exceptional items – impairment of fixed assets              | 84,806,979       | –            |
| Exceptional items – impairment of investment in unit trusts | 69,562,853       | –            |
| Exceptional items – impairment of goodwill                  | 5,534,869        | –            |
| Exceptional items – other debtors & creditors               | <u>1,240,229</u> | <u>–</u>     |

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|  | 2014          | 2013          |
|--|---------------|---------------|
|  | £             | £             |
| Auditor's remuneration - audit of the financial statements | <u>33,500</u> | <u>32,645</u> |

Auditor's remuneration - other fees:

|                                   |              |               |
|-----------------------------------|--------------|---------------|
| - Accountancy & advisory services | <u>1,000</u> | <u>18,500</u> |
|-----------------------------------|--------------|---------------|

Exchange Auditing Services Ltd

|  | 2014         | 2013         |
|--|--------------|--------------|
|  | £            | £            |
| Auditor's remuneration - audit of the financial statements | <u>6,250</u> | <u>7,150</u> |

Auditor's remuneration - other fees:

|                                   |          |              |
|-----------------------------------|----------|--------------|
| - Accountancy & advisory services | <u>–</u> | <u>6,725</u> |
|-----------------------------------|----------|--------------|

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 6. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

|                                | 2014       | 2013       |
|--------------------------------|------------|------------|
|                                | No         | No         |
| Number of administrative staff | 16         | 19         |
| Number of operative staff      | 9          | 9          |
| Number of hotel staff          | 99         | 97         |
| Number of sales staff          | 5          | 32         |
|                                | <u>129</u> | <u>157</u> |

The aggregate payroll costs of the above were:

|                       | 2014             | 2013             |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 1,844,692        | 2,382,324        |
| Social security costs | 152,540          | 164,519          |
| Other pension costs   | 3,409            | 2,614            |
|                       | <u>2,000,641</u> | <u>2,549,457</u> |

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

|                                    | 2014              | 2013             |
|------------------------------------|-------------------|------------------|
|                                    | £                 | £                |
| Interest payable on bank borrowing | 39,857,709        | 7,173,645        |
| Finance charges                    | 1,196             | 1,915            |
|                                    | <u>39,858,905</u> | <u>7,175,560</u> |

### 8. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

|  | 2014             | 2013             |
|--|------------------|------------------|
|  | £                | £                |
| Total current tax                              |                  |                  |
| Deferred tax:                                  |                  |                  |
| Origination and reversal of timing differences | <u>1,950,467</u> | <u>1,270,951</u> |

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

#### Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2013 - 23%).

|   | 2014<br>£            | 2013<br>£        |
|---|----------------------|------------------|
| (Loss)/profit on ordinary activities before taxation    | <u>(214,236,052)</u> | <u>6,984,332</u> |
| (Loss)/profit on ordinary activities by rate of tax     | (44,989,571)         | 1,606,396        |
| Expenses not deductible for tax purposes                | 34,026,193           | (318,566)        |
| Capital allowances for period in excess of depreciation | (62,158)             | 445,362          |
| Utilisation of tax losses                               | (372,409)            | (2,376,297)      |
| Unrelieved tax losses                                   | 10,777,586           | 655,824          |
| Consolidation adjustments                               | <u>620,359</u>       | <u>(12,719)</u>  |
| Total current tax                                       | <u>-</u>             | <u>-</u>         |

### 9. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was £(18,034,871) (2013 - £(49)).

### 10. DIVIDENDS

#### Equity dividends

|  | 2014<br>£        | 2013<br>£      |
|--|------------------|----------------|
| Paid during the year                                 |                  |                |
| Equity dividends on preference shares                | 114,000          | -              |
| Appropriation for premium payable on redemption      | <u>1,900,000</u> | <u>-</u>       |
|  | <u>2,014,000</u> | <u>-</u>       |
| Proposed at the year-end (recognised as a liability) |                  |                |
| Equity dividends on preference shares                | <u>-</u>         | <u>114,000</u> |

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 11. INTANGIBLE FIXED ASSETS

| Group                  | Goodwill<br>£           |
|------------------------|-------------------------|
| <b>COST</b>            |                         |
| At 1 July 2013         | 8,526,852               |
| Additions              | 633,773                 |
| Impairment             | (5,534,870)             |
| <b>At 30 June 2014</b> | <b><u>3,625,755</u></b> |
| <b>AMORTISATION</b>    |                         |
| At 1 July 2013         | 3,190,353               |
| Charge for the year    | 421,601                 |
| <b>At 30 June 2014</b> | <b><u>3,611,954</u></b> |
| <b>NET BOOK VALUE</b>  |                         |
| At 30 June 2014        | <u>13,801</u>           |
| At 30 June 2013        | <u>5,336,499</u>        |

### 12. TANGIBLE FIXED ASSETS

| Group                    | Freehold<br>Property<br>£ | Investment<br>Property<br>£ | Plant &<br>Machinery<br>£ | Fixtures &<br>Fittings<br>£ | Motor<br>Vehicles<br>£ | Total<br>£               |
|--------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|------------------------|--------------------------|
| <b>COST OR VALUATION</b> |                           |                             |                           |                             |                        |                          |
| At 1 Jul 2013            | 49,206,474                | 132,599,177                 | 347,454                   | 1,390,392                   | 120,751                | 183,664,248              |
| Additions                | -                         | -                           | -                         | 188,508                     | -                      | 188,508                  |
| Revaluation              | (20,087,370)              | -                           | -                         | -                           | -                      | (20,087,370)             |
| Impairment               | (17,272,200)              | (67,534,779)                | -                         | -                           | -                      | (84,806,979)             |
| <b>At 30 Jun 2014</b>    | <b><u>11,846,904</u></b>  | <b><u>65,064,398</u></b>    | <b><u>347,454</u></b>     | <b><u>1,578,900</u></b>     | <b><u>120,751</u></b>  | <b><u>78,958,407</u></b> |
| <b>DEPRECIATION</b>      |                           |                             |                           |                             |                        |                          |
| At 1 Jul 2013            | -                         | -                           | 285,992                   | 729,438                     | 111,344                | 1,126,774                |
| Charge for the year      | -                         | -                           | 15,260                    | 131,360                     | 3,136                  | 149,756                  |
| <b>At 30 Jun 2014</b>    | <b><u>-</u></b>           | <b><u>-</u></b>             | <b><u>301,252</u></b>     | <b><u>860,798</u></b>       | <b><u>114,480</u></b>  | <b><u>1,276,530</u></b>  |
| <b>NET BOOK VALUE</b>    |                           |                             |                           |                             |                        |                          |
| At 30 Jun 2014           | <u>11,846,904</u>         | <u>65,064,398</u>           | <u>46,202</u>             | <u>718,102</u>              | <u>6,271</u>           | <u>77,681,877</u>        |
| At 30 Jun 2013           | <u>49,206,474</u>         | <u>132,599,177</u>          | <u>61,462</u>             | <u>660,954</u>              | <u>9,407</u>           | <u>182,537,474</u>       |

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 12. TANGIBLE FIXED ASSETS *(continued)*

The investment properties were professionally valued in November 2014 by Cushman & Wakefield and by Lambert Smith Hampton, on the basis of an 'Open Market Valuation' methodology pursuant to the principles of the 'Red Book' valuations as stipulated by the Royal Institute of Chartered Surveyors.

If Investment Properties and Freehold Properties had not been revalued they would have been included in the financial statements at 30 June 2014 at an historic cost of £152,544,082 (2013: £152,544,082).

#### Hire purchase agreements

Included within the net book value of £77,681,877 is £14,084 (2013 - £18,778) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £4,695 (2013 - £6,259).

### 13. INVESTMENTS

| Group                           | Associated Units in Unit |              |              |
|---------------------------------|--------------------------|--------------|--------------|
|                                 | undertakings             | Trusts       |              |
|                                 | £                        | £            | £            |
| <b>COST OR VALUATION</b>        |                          |              |              |
| At 1 July 2013                  | 1                        | 99,432,864   | 99,432,865   |
| Impairments                     | -                        | (69,562,853) | (69,562,853) |
| At 30 June 2014                 | 1                        | 29,870,011   | 29,870,012   |
| <b>AMOUNTS WRITTEN OFF</b>      |                          |              |              |
| At 1 July 2013 and 30 June 2014 | -                        | 1,520,011    | 1,520,011    |
| <b>NET BOOK VALUE</b>           |                          |              |              |
| At 30 June 2014                 | 1                        | 28,350,000   | 28,350,001   |
| At 30 June 2013                 | 1                        | 97,912,853   | 97,912,854   |

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 13. INVESTMENTS *(continued)*

The above investment of £28,350,000 is invested in unit trusts as follows:

On 15 February 2007 Kilmona Property Limited (formerly PBN Property Ltd), together with its subsidiary, Savoy Centre Investments Limited (formerly PBN Investments Ltd), acquired all of the units in the Savoy Centre Property Unit Trust. Savoy Centre Property Unit Trust is a Jersey Unit Property Trust governed by a Trust Instrument dated 2 December 2005. The Trust holds the Savoy Centre and Tower in Glasgow.

On 21 February 2007 Kilmona Property Ltd, together with its subsidiary, Savoy Centre Investments Ltd, acquired all of the units in the West One Retail Park Unit Trust. West One Retail Park Unit Trust is a Jersey Property Unit Trust governed by a Trust Instrument dated 17 March 2006. The Trust holds the West One Retail Park, in Salford, Manchester.

Under the terms of the Trust Instrument the unit holders are entitled to net income arising in the Trust in proportion to their unit holdings.

The group holds 50% of the share capital of the following company

| Company<br>Joint Venture                        | Country of<br>Registration | Class of<br>Shares | Shares<br>Held |
|---|----------------------------|--------------------|----------------|
| Beacons Place Ltd<br>(formerly PBN Kearney Ltd) | Scotland                   | Ordinary           | 50%            |

### Share of assets of joint ventures

|                            | 2014<br>£          | 2013<br>£        |
|----------------------------|--------------------|------------------|
| Share of gross assets      | 1,648,751          | 4,327,695        |
| Share of gross liabilities | (4,862,574)        | (4,604,956)      |
| Share of net liabilities   | <u>(3,213,823)</u> | <u>(277,261)</u> |

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 13. INVESTMENTS *(continued)*

| Company                         | Group<br>companies<br>£ |
|---------------------------------|-------------------------|
| <b>COST</b>                     |                         |
| At 1 July 2013 and 30 June 2014 | <u>20,974,973</u>       |
| <b>AMOUNTS WRITTEN OFF</b>      |                         |
| Written off in year             | <u>20,934,871</u>       |
| At 30 June 2014                 | <u>20,934,871</u>       |
| <b>NET BOOK VALUE</b>           |                         |
| At 30 June 2014                 | <u>40,102</u>           |
| At 30 June 2013                 | <u>20,974,973</u>       |



# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 13. INVESTMENTS *(continued)*

The company holds share capital in the following companies

| Company<br>Subsidiary Undertaking | Country of<br>Registration | Class of<br>Shares | Shares<br>Held |
|-----------------------------------|----------------------------|--------------------|----------------|
| Kilmona Property Limited          | Northern Ireland           | Ordinary           | 100%           |
| Annanpat Limited                  | Northern Ireland           | Ordinary           | 100%           |
| Castleview Mews Limited           | Northern Ireland           | Ordinary           | 100%           |
| CDC (N.I.) Limited                | Northern Ireland           | Ordinary           | 100%           |
| Savoy Centre Investments Limited  | Northern Ireland           | Ordinary           | 100%           |
| Kilmona Private Equity Limited    | Northern Ireland           | Ordinary           | 100%           |
| AV Management Limited             | Northern Ireland           | Ordinary           | 100%           |
| Lanyon Place Limited              | Northern Ireland           | Ordinary           | 100%           |
| Ballyhampton Limited              | Northern Ireland           | Ordinary           | 100%           |

- At 30 June 2014 Kilmona Property Limited had net liabilities of £156,106,328 (2013: net assets £744,235) and incurred a loss of £149,424,917 (2013: profit of £4,785,420) in the year ended on that date.

- At 30 June 2014 Annanpat Limited had net assets of £118,192 (2013: £385,329) and incurred a loss of £267,137 (2013: £69) in the year ended on that date.

- At 30 June 2014 Castleview Mews Limited had net assets of £1,483,296 (2013: £1,170,960) and incurred a profit of £5,226,658 (2013: loss £306,613) in the year ended on that date.

- At 30 June 2014 CDC (N.I.) Limited had net liabilities of £17,548,151 (2013: net assets £27,694,306) and incurred a loss of £17,766,744 (2013: profit £131,721) in the year ended on that date.

- At 30 June 2014 Savoy Centre Investments Limited had net liabilities of £102,360 (2013: net assets £49,785) and incurred a loss of £152,145 (2013: profit £5,918) in the year ended on that date.

- At 30 June 2014 Kilmona Private Equity Limited (formerly PBN Private - Equity Limited) had net assets of £1 (2013: £26) and incurred a loss of £25 (2013: profit £25) in the year ended on that date.

- At 30 June 2014 AV Management Limited had net assets of £167,496 (2013: £329,147) and incurred a loss of £161,651 (2013: profit £195,933) in the year ended on that date.

- At 30 June 2014 Lanyon Place Limited (formerly PBN Lanyon Limited) had a net liabilities of £23,616,556 (2013: £1,148,541) and incurred a loss of £22,468,015 (2013: profit of £126,725) in the year ended on that date.

- At 30 June 2014 Ballyhampton Limited had net liabilities of £7,849,482 (2013: net assets £554,648) and incurred a loss of £8,369,130 (2013: profit £554,172).

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 14. STOCKS

|                  | Group             |                   | Company  |          |
|------------------|-------------------|-------------------|----------|----------|
|                  | 2014              | 2013              | 2014     | 2013     |
|                  | £                 | £                 | £        | £        |
| Stocks           | 28,575            | 41,472            | —        | —        |
| Work in progress | 6,307,011         | 7,788,708         | —        | —        |
| Development land | 4,087,874         | 18,840,243        | —        | —        |
|                  | <u>10,423,460</u> | <u>26,670,423</u> | <u>—</u> | <u>—</u> |

### 15. DEBTORS

|                                    | Group             |                   | Company          |          |
|------------------------------------|-------------------|-------------------|------------------|----------|
|                                    | 2014              | 2013              | 2014             | 2013     |
|                                    | £                 | £                 | £                | £        |
| Trade debtors                      | 912,474           | 871,265           | —                | —        |
| Amounts owed by group undertakings | 8,712,733         | 6,749,787         | 2,900,000        | —        |
| Other debtors                      | 68,712            | 1,690,752         | —                | —        |
| Deferred taxation (Note 19)        | —                 | 1,506,483         | —                | —        |
| Prepayments and accrued income     | 1,127,627         | 1,035,421         | —                | —        |
|                                    | <u>10,821,546</u> | <u>11,853,708</u> | <u>2,900,000</u> | <u>—</u> |

The debtors above include the following amounts falling due after more than one year:

|                                    | Group    |                  | Company  |          |
|------------------------------------|----------|------------------|----------|----------|
|                                    | 2014     | 2013             | 2014     | 2013     |
|                                    | £        | £                | £        | £        |
| Amounts owed by group undertakings | —        | 322,000          | —        | —        |
| Other debtors                      | —        | 1,506,483        | —        | —        |
|                                    | <u>—</u> | <u>1,828,483</u> | <u>—</u> | <u>—</u> |

### 16. CREDITORS: Amounts falling due within one year

|   | Group              |                    | Company           |               |
|---|--------------------|--------------------|-------------------|---------------|
|   | 2014               | 2013               | 2014              | 2013          |
|   | £                  | £                  | £                 | £             |
| Loans and overdrafts                                    | 333,625,760        | 303,724,967        | —                 | —             |
| Trade creditors   | 528,319            | 454,693            | —                 | —             |
| Amounts owed to group undertakings                      | —                  | —                  | 17,482,060        | —             |
| Hire purchase agreements                                | 12,750             | 12,750             | —                 | —             |
| Other creditors including taxation and social security: |                    |                    |                   |               |
| Other taxation and social security                      | 407,024            | 572,812            | —                 | 16,854        |
| Other creditors   | 6,524,069          | 5,639,408          | —                 | —             |
| Accruals and deferred income                            | 8,700,406          | 2,968,645          | —                 | —             |
|   | <u>349,798,328</u> | <u>313,373,275</u> | <u>17,482,060</u> | <u>16,854</u> |

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 17. CREDITORS: Amounts falling due after more than one year

|                                    | Group          |                | Company        |                   |
|------------------------------------|----------------|----------------|----------------|-------------------|
|                                    | 2014           | 2013           | 2014           | 2013              |
|                                    | £              | £              | £              | £                 |
| Loans and overdrafts               | 173,235        | 193,792        | -              | -                 |
| Amounts owed to group undertakings | -              | -              | -              | 17,466,132        |
| Hire purchase agreements           | 19,125         | 31,875         | -              | -                 |
| Other creditors                    | 126,462        | 126,462        | 126,462        | 126,462           |
|                                    | <u>318,822</u> | <u>352,129</u> | <u>126,462</u> | <u>17,592,594</u> |

The security provided in relation to the loans is detailed in the individual subsidiary and joint venture company's financial statements.

The following liabilities disclosed under creditors are secured by the company:

|                      | Group              |                    | Company |      |
|----------------------|--------------------|--------------------|---------|------|
|                      | 2014               | 2013               | 2014    | 2013 |
|                      | £                  | £                  | £       | £    |
| Loans and overdrafts | <u>333,798,995</u> | <u>303,918,759</u> | -       | -    |

### 18. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

|                                       | Group         |               | Company |      |
|---------------------------------------|---------------|---------------|---------|------|
|                                       | 2014          | 2013          | 2014    | 2013 |
|                                       | £             | £             | £       | £    |
| Amounts payable within 1 year         | 12,750        | 12,750        | -       | -    |
| Amounts payable between 1 and 2 years | 12,750        | 12,750        | -       | -    |
| Amounts payable between 3 and 5 years | 6,375         | 19,125        | -       | -    |
|                                       | <u>31,875</u> | <u>44,625</u> | -       | -    |

### 19. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

|                                 | Group            |                    | Company |      |
|---------------------------------|------------------|--------------------|---------|------|
|                                 | 2014             | 2013               | 2014    | 2013 |
|                                 | £                | £                  | £       | £    |
| Asset brought forward           | (1,506,483)      | (2,777,434)        | -       | -    |
| Increase in provision           | <u>1,950,467</u> | <u>1,270,951</u>   | -       | -    |
| Provision/Asset carried forward | <u>443,984</u>   | <u>(1,506,483)</u> | -       | -    |

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 19. DEFERRED TAXATION *(continued)*

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

| Group   | 2014           |                 | 2013               |                 |
|---|----------------|-----------------|--------------------|-----------------|
|   | Provided<br>£  | Unprovided<br>£ | Provided<br>£      | Unprovided<br>£ |
| Excess of taxation allowances over depreciation on fixed assets | 443,984        | -               | 467,576            | -               |
| Tax losses available  | -              | -               | (1,974,059)        | -               |
| Other timing differences  | -              | -               | -                  | 675,000         |
|   | <u>443,984</u> | <u>-</u>        | <u>(1,506,483)</u> | <u>675,000</u>  |

The deferred tax asset recognised in the prior year related primarily to tax losses brought forward which are expected to be offset against future taxable profits. In accordance with Financial Reporting Standard No.19, Deferred Tax, no provision has been made for deferred taxation on gains recognised on revaluing investment properties to their market value because at present management have no intention to dispose of these assets. The prior year unprovided deferred tax detailed above is the tax liability that might arise if these assets were sold at the balances at which they are recognised in the financial statements.

### 20. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2014 the group had annual commitments under non-cancellable operating leases as set out below.

| Group                          | Assets other than Land and buildings |               |
|--------------------------------|--------------------------------------|---------------|
|                                | 2014<br>£                            | 2013<br>£     |
| Operating leases which expire: |                                      |               |
| Within 1 year                  | 4,040                                | 4,260         |
| Within 2 to 5 years            | 2,100                                | 6,140         |
|                                | <u>6,140</u>                         | <u>10,400</u> |

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 21. RELATED PARTY TRANSACTIONS

#### CONTROL

The group is controlled by the directors and shareholder.

#### Transactions

The company has availed of the exemption available in FRS8: Related party disclosures from disclosing transactions with certain group undertakings on the grounds that they are 100% subsidiaries.

#### Kilmona Property Limited

Kilmona Property Limited owns 50% of the share capital in Beacons Place Limited. At 30 June 2014 a balance of £321,999 (2013 - £321,999), which arose from intercompany transfers in prior years, was owed to Kilmona Property Limited from Beacons Place Limited.

Kilmona Holdings Limited owns 100% of the share capital in Kilmona Private Equity Limited. Kilmona Private Equity Limited owns 100% of the share capital in Lanyon Place Limited. At 30 June 2014 a balance of £272,451, which arose from intercompany transfers during the year, was owed by Kilmona Property Limited to Lanyon Place Limited (2013 - £451,032 owed to Kilmona Property Limited by Lanyon Place Limited).

### 22. SHARE CAPITAL

Allotted, called up and fully paid:

|   | 2014             |                  | 2013             |                  |
|---|------------------|------------------|------------------|------------------|
|   | No               | £                | No               | £                |
| Ordinary A Class shares of £1 each              | 33               | 33               | 33               | 33               |
| Ordinary B Class shares of £0.50 each           | 66               | 33               | 66               | 33               |
| Ordinary C Class shares of £1 each              | 33               | 33               | 33               | 33               |
| Preference Shares (2013 - 8,900,000) of £1 each | 7,000,000        | 7,000,000        | 8,900,000        | 8,900,000        |
|   | <u>7,000,132</u> | <u>7,000,099</u> | <u>8,900,132</u> | <u>8,900,099</u> |

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 23. RESERVES

| Group                                   | Revaluation<br>reserve<br>£ | Capital<br>redemption<br>reserve<br>£ | Profit and loss<br>account<br>£ |
|---|-----------------------------|---------------------------------------|---------------------------------|
| Balance brought forward                 | 20,087,370                  | —                                     | (13,697,740)                    |
| Loss for the year                       | —                           | —                                     | (215,913,938)                   |
| Equity dividends & other appropriations | —                           | —                                     | (2,014,000)                     |
| Other gains and losses                  |                             |                                       |                                 |
| - Revaluation of fixed assets           | (20,087,370)                | —                                     | —                               |
| Other movements                         | —                           | 1,900,000                             | —                               |
| Balance carried forward                 | —                           | 1,900,000                             | (231,625,678)                   |

| Company                 | Profit and loss<br>account<br>£ |
|-------------------------|---------------------------------|
| Balance brought forward | (3,455,425)                     |
| Loss for the year       | (18,034,871)                    |
| Balance carried forward | (21,490,296)                    |

### 24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|   | 2014<br>£     | 2013<br>£  |
|---|---------------|------------|
| (Loss)/Profit for the financial year            | (215,913,938) | 5,675,364  |
| Other net recognised gains and losses           | (20,087,370)  | —          |
| Other recognised gains or losses                | 1,900,000     | —          |
| Equity dividends & other appropriations         | (2,014,000)   | (114,000)  |
| Redemption of own preference shares             | (1,900,000)   | —          |
| Net (reduction)/addition to shareholders' funds | (238,015,308) | 5,561,364  |
| Opening shareholders' funds                     | 15,289,729    | 9,728,365  |
| Closing shareholders' (deficit)/funds           | (222,725,579) | 15,289,729 |

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 25. NOTES TO THE CASH FLOW STATEMENT

#### RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

|   | 2014<br>£         | 2013<br>£         |
|---|-------------------|-------------------|
| Operating (loss)/profit   | (171,430,515)     | 16,175,562        |
| Amortisation  | 421,601           | 452,843           |
| Depreciation  | 149,756           | 168,319           |
| Loss on disposal of fixed assets                                      | –                 | 305,491           |
| Decrease in stocks  | 16,246,963        | 9,079,891         |
| Increase in debtors   | (474,321)         | (519,371)         |
| Increase/(decrease) in creditors                                      | 5,639,599         | (907,658)         |
| Other non cash adjustments  | 598,745           | 48,743            |
| Impairments to investment property, unit trust investments & goodwill | 159,904,701       | –                 |
| Net cash inflow from operating activities                             | <u>11,056,529</u> | <u>24,803,820</u> |

#### ACQUISITIONS AND DISPOSALS

|  | 2014<br>£ | 2013<br>£          |
|--|-----------|--------------------|
| Disposal of shares in group undertakings         | –         | (2,086,590)        |
| Net cash outflow from acquisitions and disposals | <u>–</u>  | <u>(2,086,590)</u> |

#### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

|   | 2014<br>£            | 2013<br>£            |
|---|----------------------|----------------------|
| Decrease in cash in the period                  | (876,977)            | (474,710)            |
| Net cash (inflow) from/outflow from bank loans  | (29,882,339)         | 9,551,474            |
| Net (inflow) from other short-term creditors    | (884,661)            | (180,330)            |
| Cash outflow in respect of hire purchase        | 12,750               | 29,000               |
| Net cash outflow from other long-term creditors | –                    | 50                   |
|   | <u>(31,631,227)</u>  | <u>8,925,484</u>     |
| Change in net debt                              | <u>(31,631,227)</u>  | <u>8,925,484</u>     |
| Net debt at 1 July 2013                         | (305,091,481)        | (314,016,965)        |
| Net debt at 30 June 2014                        | <u>(336,722,708)</u> | <u>(305,091,481)</u> |

# KILMONA HOLDINGS LIMITED (FORMERLY PBN HOLDINGS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

### 25. NOTES TO THE CASH FLOW STATEMENT *(continued)*

#### ANALYSIS OF CHANGES IN NET DEBT

|                          | At<br>1 Jul 2013<br>£ | Cash flows<br>£     | At<br>30 Jun 2014<br>£ |
|--------------------------|-----------------------|---------------------|------------------------|
| Net cash:                |                       |                     |                        |
| Cash in hand and at bank | 4,637,773             | (879,080)           | 3,758,693              |
| Overdrafts               | (51,968)              | 2,103               | (49,865)               |
|                          | <u>4,585,805</u>      | <u>(876,977)</u>    | <u>3,708,828</u>       |
| Debt:                    |                       |                     |                        |
| Debt due within 1 year   | (309,312,407)         | (30,787,557)        | (340,099,964)          |
| Debt due after 1 year    | (320,254)             | 20,557              | (299,697)              |
| Hire purchase agreements | (44,625)              | 12,750              | (31,875)               |
|                          | <u>(309,677,286)</u>  | <u>(30,754,250)</u> | <u>(340,431,536)</u>   |
| Net debt                 | <u>(305,091,481)</u>  | <u>(31,631,227)</u> | <u>(336,722,708)</u>   |

### 26. POST BALANCE SHEET EVENTS

On 21 January 2015, Cerberus sold the Kilmona Group's loans to an American Bank who has provided lending facilities to the Kilmona Group based on the Group's Asset strategies. The Directors have also completed a Group secured debt restructure in January 2015.

The share capital of Castleview Mews Limited was sold on 21 January 2015 and this transaction resulted in the company leaving the group.

On 13 October 2014, Kilmona Property Limited acquired 50% of the ordinary share capital of Beacons Place Limited.



Dated

21

January 2015

Between

**PBN HOLDINGS LIMITED**  
as Chargor

and

**SITUS ASSET MANAGEMENT LIMITED**  
as Security Trustee

---

**SECURITY DEED**

---



LEGAL\_EU # 13335904.4 92357.00004

WE HEREBY CERTIFY THE WITHIN TO  
BE A TRUE COPY OF THE ORIGINAL  
OF WHICH IT PURPORTS TO BE

DATE 22 January 2015

SIGNED Millar McCall Wylie LLP  
MILLAR MCCALL WYLIE LLP  
Imperial House, 4-10 Donegall Square East  
Belfast BT1 5HD

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THIS DEED is dated

21

January 2015 between:

- (1) **PBN HOLDINGS LIMITED**, registered in Northern Ireland with registration number NI056039 and its registered address at Adelaide House, Falcon Road, Belfast, BT12 6SJ (the "**Chargor**"); and
- (2) **SITUS ASSET MANAGEMENT LIMITED**, a company registered in England and Wales with registration number 06738409 and its principal place of business at 27/28 Eastcastle Street, London W1W 8DH, United Kingdom as security agent and trustee for the Finance Parties (as defined in the Facility Agreement defined below) (the "**Security Trustee**").

**BACKGROUND:**

- (A) The Chargor enters into this Deed in connection with the Facility Agreement (as defined below).

**IT IS AGREED** as follows:

1. **INTERPRETATION**

1.1 Definitions

In this Deed:

"**Account Bank**" means each bank at which a Charged Account is maintained.

"**Act**" means Conveyancing and Law of Property Act 1881 (as amended).

"**Agreement for Lease**" means an agreement to grant an Occupational Lease of all or part of the Properties.

"**Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in London and in Belfast.

"**Charged Accounts**" means the accounts specified in part 3 of schedule 1 of this Deed and excluding for the avoidance of doubt the Rent Deposit Accounts and the Service Charge Accounts.

"**Charged Securities**" means:

- a) the securities specified in part 2 of schedule 1 of this Deed; and
- b) all of the Chargor's rights, title and interest from time to time in all shares, stocks, debentures, bonds, certificates of deposit and other securities and investments, all interests in collective investments schemes and partnerships and all warrants, options and rights to subscribe for any investment now or in the future owned (legally or beneficially) by it or held by any nominee, trustee, fiduciary or clearing system on its behalf.

**"Facility Agreement"** means the bridge term loan facility agreement for up to £109,650,000 dated on or about the date hereof between, among others, the Chargor, the Lender and the Facility Agent.

**"Ground Rents"** means the aggregate of ground rents paid or payable to the Chargor including, without prejudice to the generality of the foregoing, the ground rents listed in Schedule 5 Part 1 (Ground Rents) of this Deed.

**"Group"** means the Chargor and its Subsidiaries.

**"Insurance Policies"** means the insurance policies specified in Schedule 8.

**"Inter Company Loans"** means the loans due to the Chargor pursuant to the Inter Company Loan Agreements.

**"Inter Company Loan Agreements"** means the loan agreements in respect of the Inter Company Loans specified in Schedule 6.

**"Lease Document"** means:

- (a) an Agreement for Lease.
- (b) an Occupational Lease.
- (c) any other document designated as such by the Security Trustee and the Chargor.

**"Managing Agent"** means PBN Property Limited, Causeway Asset Management Limited or any other managing agent appointed by the Chargor in respect of a Property with the approval of the Security Trustee.

**"Occupational Lease"** means any lease or licence or other right of occupation or right to receive rent to which a Property may at any time be subject.

**"Party"** means a party to this Deed.

**"Properties"** means the properties listed in part 1 of schedule 1 of this Deed.

**"Receiver"** means an administrative receiver, receiver and manager or a receiver, in each case, appointed under this Deed.

**"Related Rights"** means, in relation to any asset:

- (a) the proceeds of sale of any part of that asset;
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
- (c) all rights, powers, benefits, claims, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title (including any covenants for title given or entered into by any predecessor in title of the Chargor in respect of

# Bankers 'bid' for women, says trader seeking £3.5m

Neil Johnston

City bankers made "bids" for women and labelled those they found less attractive as "offers only", according to a female trader claiming £3.5 million for sex discrimination.

Dalal Belghiti, 36, said women were treated as "mere sex objects" at Jefferies International investment bank, where she was a senior vice-president of the international credit team.

The former Lehman Brothers employee told an employment tribunal that one colleague, Marco Novelli, hired women to dance provocatively with clients at a nightclub and sucked one of the girls' fingers while the others touched the men suggestively.

Ms Belghiti, who had a basic salary of £175,000 in her last year at the company, said she was denied a bonus because of her sex and shunned from men-only outings in a culture of sexism extending to senior management.

The trader, who is also claiming unfair dismissal, was forced to quit after being given poorly performing clients,

she said. In her statement to the Central London tribunal, Ms Belghiti said "inappropriate and sexualised conversations" began as soon as she started.

"If they found a woman attractive, they would say that they had a bid for her, while to denote unattractiveness, they would say 'offers only'."

It is alleged that Mr Novelli invited her to join him and others for dinner using a "completely unprofessional" tone and insulted her boyfriend.

Another employee, Paul Grimsey, is claimed to have called Morocco, Ms Belghiti's country of origin, "s\*\*\*" and to have "treated other women with the same disrespect".

"I do not know if I will be able to work in finance again," Ms Belghiti said.

The firm's barrister, James Laddie, QC, said that at least one employee was not sexist in using the term "bid", as he used it for anything.

Regarding a sexist culture, he said: "The suggestion people were involved in this non-stop barrage of comments is just not true."

The tribunal continues.



**Registration of a Charge**

Company name: **SALVARE (NO1) LIMITED**

Company number: **NI630186**

Received for Electronic Filing: **08/06/2015**



X4959AYR

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**Details of Charge**

Date of creation: **26/05/2015**

Charge code: **NI63 0186 0006**

Persons entitled: **SITUS ASSET MANAGEMENT LIMITED (06738409) (AS SECURITY TRUSTEE)**

Brief description:

**Contains fixed charge(s).**

**Contains negative pledge.**

---

**Authentication of Form**

This form was authorised by: **a person with an interest in the registration of the charge.**

---

**Authentication of Instrument**

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

We hereby certify that this  
is a copy of the original  
DATED 4 June 2015  
*Stephen D. Long*  
for Pinsent Masons Belfast LLP  
1 Lanyon Place,  
Belfast, BT1 3LP

Dated 26 May 2015

Between

SALVARE (NO1) LIMITED  
as ("Charger")

and

SITUS ASSET MANAGEMENT LIMITED  
as ("Security Trustee")

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CHARGE OVER SHARES

---

PAUL  
HASTINGS

Paul Hastings (Europe) LLP  
Ten Bishops Square  
London E1 6EG

Tel: +44 20 3023 5100  
Fax: +44 20 3023 5109

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THIS DEED is dated 26 May 2015 between:

- (1) **SALVARE (NO1) LIMITED**, a company registered in Northern Ireland with company number NI630186 whose registered address is 19 Clarendon Road, Belfast, Northern Ireland BT1 3BG (the "Chargor"); and
- (2) **SITUS ASSET MANAGEMENT LIMITED**, a company registered in England and Wales with registration number 06738409 and its principal place of business at 27/28 Eastcastle Street, London W1W 8DH, United Kingdom as security trustee for the Secured Parties (as defined in the Facility Agreement defined below) (in such capacity, the "Security Trustee").

**BACKGROUND:**

- (A) The Chargor enters into this Deed in connection with the Facility Agreement (as defined below).
- (B) It is intended that this document takes effect as a deed notwithstanding the fact that a party may only execute this document under hand.

IT IS AGREED as follows:

**1. INTERPRETATION**

**1.1 Definitions**

In this Deed:

"Act" means the Law of Property Act 1925;

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London;

"Companies" means the companies specified in Schedule 1;

"Facility Agreement" means the facility agreement dated on or about the date of this Deed made between, amongst others, Salvare (No1) Limited as borrower, Jefferies LoanCore (Europe) 2015-1 Limited as original lender and the Security Trustee;

"Group" means the Companies and its Subsidiaries;

"Party" means a party to this Deed;

"Receiver" means an administrative receiver, receiver and manager or a receiver, in each case, appointed under this Deed;

"Related Rights" means:

- (a) any dividend or interest paid or payable in relation to any Shares; and
- (b) any stocks, shares, warrants or other securities, rights, dividends, interest, money or property accruing, offered, issued or deriving at any time in relation

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Deed; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other term of this Deed.

#### 24. COUNTERPARTS

This Deed may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

#### 25. GOVERNING LAW

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

#### 26. ENFORCEMENT

##### 26.1 Jurisdiction

- (a) The English courts have exclusive jurisdiction to settle any dispute in connection with this Deed.
- (b) The English courts are the most appropriate and convenient courts to settle any such dispute and the Chargor waives objection to those courts on the grounds of inconvenient forum or otherwise in relation to proceedings in connection with this Deed.
- (c) This Clause is for the benefit of the Finance Parties only. To the extent allowed by law, a Finance Party may take:
  - (i) proceedings in any other court; and
  - (ii) concurrent proceedings in any number of jurisdictions.

##### 26.2 Service of Process

- (a) The Chargor irrevocably appoints Kilmona Investments Limited, at c/o Maneely McCann, Aisling House, 5 Stranmillis Embankment, Belfast, Northern Ireland, BT9 5FL as its agent under this Deed for service of process in any proceedings before the English courts.
- (b) If any person appointed as process agent is unable for any reason to act as agent for service of process, the Chargor must immediately appoint another agent on terms acceptable to the Security Trustee. Failing this, the Security Trustee may appoint another agent for this purpose.
- (c) The Chargor agrees that failure by a process agent to notify them of any process will not invalidate the relevant proceedings.
- (d) This Clause does not affect any other method of service allowed by law.

# Assembly committee probing Nama sale may call Republic's senior finance figures

**John Manley**  
Political Correspondent  
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HE assembly committee probing the circumstances surrounding the sale of Nama's northern portfolio may call officials from the Republic's Department of Finance to give evidence.

The finance and personnel committee is taking legal advice in the hope of forcing the north's Department of Finance permanent secretary David Sterling and senior Nama officials to attend its hear-

ings.

But the committee will also consider asking Michael Noonan and his department officials in Dublin for any documents they hold relating to Nama in the north.

The MLAs may also decide to call Mr Noonan in person.

Stormont finance minister Arlene Foster has refused the committee's request for information her department held about Nama because she does not want to prejudice a National Crime Agency investigation – a position



**REQUEST:** Republic's finance minister Michael Noonan

criticised by committee chairman Daithí McKay.

The NCA and the committee launched separate investigations last month in the wake of Mick Wallace's explosive allegations about the \$1.3bn sale of Nama's northern loan book – known as Project Eagle – to US vulture fund Cerberus.

The Independent Westford JD claimed 57m lodged in an Isle of Man bank account by Tughans' former managing partner Ian Coulter was destined for a Northern Ireland politician.

Mr McKay said he believed the Department of

Finance in Dublin held information that would be of interest to the committee.

"Michael Noonan has said he had meetings with (former Stormont finance minister) Sammy Wilson and Simon Hamilton, so clearly there will be minutes and information held in the south that corresponds with the information we cannot get hold of in the north," he said.

"I will be suggesting to committee members that we write to the department in Dublin to ask for correspondence with its counterpart in the north."

# US vulture fund 'ready to exit' after recouping £1.3bn

**EXCLUSIVE**

**Gary McDonald**  
Business Editor  
g.mcdonald@irishtimes.com

AMERICAN 'vulture fund' Cerberus has virtually completed its work in Northern Ireland, having recouped all of the knockdown \$1.3 billion it paid for Nama's loan book in little over a year.

Figures seen by *The Irish News* show that by the end of May it had already worked through 87 per cent of the portfolio of commercial properties and development sites it bought from Ireland's 'bad bank' in April 2014.

And it is understood the private equity firm may soon be in a position to start the paperwork in order for an exit from Belfast.

When it snapped up the distressed loan portfolios, Cerberus – named after the mythical three-headed dog guarding the gates of Hades – said it was a "patient, long-term investor" with a well-established track record of making significant improvements to the assets it manages.

But it seems its key aim has been to get its \$1.3bn back, with a healthy profit on top, in the shortest time-frame possible.

On May 28 Liam Strong, chief executive of Cerberus, wrote to Daithí McKay, chair of the Stormont finance and personnel committee, to cancel a meeting he and his colleague Ron Coggie had scheduled with MLAs for six days later.

He suggested an alternative meeting could be arranged, but it is understood that never happened.

In the letter Mr Strong revealed: "I can tell you that so far over



87 per cent of the portfolio, as a percentage of the purchase price, has already been consensually resolved.

"In addition, only 13 per cent of the portfolio has been subjected to enforcement proceedings preceding consent, of which 7 per cent as a percentage of purchase price were enforcement proceedings started by Nama prior to the sale and resolved by Cerberus after the sale."

And Mr Strong added that only one personal guarantee had so

far been enforced at a value of just \$200,000, relating to a borrower with whom a consensual resolution could not be reached.

A personal guarantee allows a lender to pursue an individual personally if a business loan can't be repaid, and typically it might mean they can take control of assets such as that person's home or certain valuables or investment accounts.

Several major property development groups in the north have already refinanced loans that were

**NO SHOW:** On May 28 Cerberus chief executive Liam Strong wrote to Daithí McKay, chair of Stormont's finance and personnel committee, to cancel a meeting he and his colleague Ron Coggie had scheduled with MLAs for six days later.

held by Cerberus, including Lagan Development (Holdings), which is jointly owned by brothers Kevin and Michael Lagan, MAR Properties and Paddy Kearney.

Some of those deals were refinanced through Jefferies Loan Core (JLC), a US real estate finance firm.

But while a number of larger developers have been celebrating the through-working of their dealings with Cerberus, other small or home who relied up on their books have labelled the company's methods as "aggressive" and "ruthless".

One small property developer who spoke to *The Irish News* said he found the vulture fund's representatives "hard-nosed".

But he asked not to be named because "coming out and saying anything against Cerberus at this time would, I fear, be commercial suicide".

A spokesperson for Cerberus said: "Given the highly confidential and commercially sensitive nature of our work with borrowers we are limited in what we can discuss publicly. However, we are dedicated to reaching as many consensual outcomes as possible."

"Through its investment in the Project Eagle portfolio, Cerberus has been a good steward and partner to Northern Ireland and helped to stabilise and strengthen the property market. We take issue with any suggestion to the contrary."

U



# Clamp down on No-win No-fee for claims

**Please note:** The no win, no fee system is illegal in Northern Ireland and solicitors here cannot deal with cases on that basis.

Justice Secretary, Ken Clarke, has said that the government is considering getting rid of the controversial no-win, no-fee system for claims cases which only operates in England and Wales cases, and instead switching to something similar to the US system where the lawyer takes their fee from the settlement awarded to the client.

The current ability for solicitors in England and Wales to offer no-win, no-fee arrangements has led to much criticism that it has led to a culture of 'ambulance chasers' encouraging victims of injuries to make claims in morally dubious situations. Others have criticised it for denying justice to those with weak-to-borderline cases as firms operating the system effectively have to make a judgement call on the probability of winning the case before deciding whether or not to take it on, meaning many struggle to get solicitor to take up their case. The largest criticism however, relates to how the system allows solicitors to double their fees if they win which causes a substantial increase in legal costs which are paid by the defendants, who are often large public bodies such as the NHS. Similarly, small companies often find themselves facing huge legal costs to defend themselves against any claims, even the nonsense ones, so that it often proved more economically viable to just settle.

Mr Clarke confirmed that he has received some recommendations from Sir Rupert Jackson which "will involve perhaps moving towards the US system whereby some of the costs are recovered out of the damages which are awarded."

The no-win, no-fee system does not apply to Northern Ireland though many large claims companies on the mainland UK are wrongly targeting the Northern Ireland public. These companies cannot however pursue the case through to the point of going to court, and as such anyone in Northern Ireland who brings a claim under a no win, no fee agreement should be wary of the claims company wanting to settle out of court and perhaps denying you the chance to win the full compensation amount you are entitled to and require in order to cover medical care required to deal with your injury.

If you been injured in an accident that wasn't your fault and wish to take legal advice about