

Who's up, who's down

Kenmare Resources boss Michael Carvill (right) was up by around €365,000 last week as market prices rose for the raw materials it mines. Carvill's 4.8m shares are now worth €2.25m.

C&C's Stephen Glancey saw his shares fall by €727,000 last week as the budget gave consumer spending another kick in the whatsits. His 5.12m shares are now worth €14.48m.



Moving targets

€1 = \$1.3377
€1 = £0.8548

BRENT CRUDE
\$107.91 a barrel

€25m

The amount of money property behemoth Nama needs to spend on recruiting 200 new staff, according to a review of the State firm

The Fear Index

The Vix or 'fear index', which tracks future wobbles in markets, rose 11 per cent to 30.59 last week. Anything over 40 indicates major, major swings are coming.

UP 11% to 30.59

recovery index
Created by Nick Webb & Susan Hayes



German lessons

Achtung! Enda, for you ze var is over. Repeat. It's going to be harder to understand our new owners, as sales of German and other language-learning CDs, dictionaries and online courses have fallen 28 per cent on eBay.ie over the last year. As Ireland prepares to become a slave state to France and Germany and the bigger European countries, we're showing just how flexible a nation we've become by trying to master our new language. If we keep showing how good we are since der bailout, our new masters might give us a pat on der head. Dummkopf!

BAD NEWS

Corporate gift giving

Having been all but extinct in recent years, corporate gifts are making an ever-so-slight bit of a comeback. The average order for corporate gifts placed by businesses with Lulu Sullivan's Giftsdirect.com has risen more than 10 per cent to €655 this year. Sales figures also show an increased volume of gifts being sent abroad by companies, indicating more international and export contacts. Hampers are the top sellers.

GOOD NEWS

Coffee sales

It's the ultimate barometer for small discretionary spending. Buying a takeaway latte or cappuccino is one of the first things cut when outgoings are completely shredded. Latest figures from Insomnia show sales rising up 10 per cent compared with the same week last year.

GOOD NEWS

Foreign tourist visits

The number of tourists visiting from Europe — excluding the UK — rose by 2.4 per cent from August to October. Could they all be coming to get first dibs on the Ardagh Chalice or the Book of Kells before it goes into a vault somewhere in one of the bigger European countries... for safe-keeping of course? However, the numbers coming to visit from the key UK market is down by 2.7 per cent, with high spending US tourists falling 1.7 per cent. But growth in the continental European market is a positive.

GOOD NEWS

Four-bed properties for sale on Daft.ie

The volume of properties for sale advertised by Daft.ie has fallen steadily over recent weeks. This may indicate that the massive oversupply of homes on the market is reducing, which is a huge plus. Since the start of September last, more than 1,000 four-bed homes have been taken off the market. There are still about a billion for sale, but at least it's going in the right direction. Moves in the Budget may help stimulate the market further. But has it reached the bottom?

GOOD NEWS

VAT increase

When Michael Noonan and Brendan Howlin translated the Budget from its original Franco-German text, they would have been a bit surprised at yet another move to strangle the domestic economy. Hiking VAT is a tax on consumption, which means that retailers and shoppers are going to get it in the neck. It will lower the amounts of goods and services people will buy, further depressing the economy. The VAT raise is forecast to bring in €670m. Perhaps selling off the whole of the ESB rather than a tiny chunk might help take the pressure off us. Ooops... completely forgot. That would annoy the public sector unions. We can't have that.

BAD NEWS

Exports

Given that we don't have a Plan B to rescue the country (other than selling more stuff abroad), the Budget moves to boost exports to emerging markets were a step in the right direction. Increasing tax reliefs for exporting firms will encourage Irish entrepreneurs to try to build new markets, rather than relying on the strangled European and US sectors. A Minister for Asia wouldn't be a bad idea... though pay for ministerial special advisers would probably take the mickey.

GOOD NEWS

Nama chief led bank during mis-selling scandal

ROISIN BURKE

NAMA's new Advisory Group boss Michael Geoghegan led banking giant HSBC while mis-selling to thousands of pensioners occurred at one of its businesses.

HSBC owned NHFA, a financial adviser that sold elderly customers five-year bonds that were unlikely to mature before they died. Many clients relied on the investments to pay for their care. HSBC must pay a record €47m in fines and compensation in the biggest-ever ruling against a retail bank by Britain's Financial Services Authority (FSA).

The mis-selling took place between 2005 and 2010. Irish-born Mr Geoghegan was HSBC group CEO from 2006 through 2010.

While rival banking group Lloyd's is seeking a bonus claw-back from its former boss following a mis-selling fine, a return of part or all of the €4.4bn bonus assigned to Mr Geoghegan for 2010 is "not being looked at", HSBC told the *Sunday Independent*.

"It may be something for the future, but it is not being considered at present. Our main priority is to recompense those customers impacted by the NHFA mis-selling as quickly as possible," he said, adding that it was HSBC's British bank that identified

the problems and advised the FSA. Mr Geoghegan was last week appointed to chair the Nama Advisory Group. Nama's spokesman declined to comment and also declined a request for comment from Mr Geoghegan on his behalf.

Green eyed up €1.2bn deal for Lloyd's loans

The Irishmen at Lone Star fund bag massive 'Project Royal' loan book

NICK WEBB

STEPHEN Vernon's Green Property is understood to have bid for the €1.2bn Project Royal block of commercial property loans sold off by British bank Lloyd's last week.

However, the Irish still managed to land the deal as Texan fund Lone Star is believed to have paid more than €1.2bn for the loans. Lone Star was set up by John Grayken, who is thought to have become an Irish citizen in the 1990s.

Lone Star's other key player was Ellis Short, who became an Irish citizen in February 2010. Mr Short is chairman of Premiership football team Sunderland.

The sale of the €1.2bn Lloyd's Bank Project Royal attracted interest from Green Property early in the auction. Final-round bidders are understood to have included giant private equity firms Cerberus and Colony Capital. Lone Star has become

increasingly active in buying up property loans from ailing banks, who are seeking to shrink balance sheets.

Last July, the *Sunday Independent* revealed that Lone Star had entered the race to buy a big chunk of Anglo Irish Bank's \$9.65bn (€7.2bn) US book.

The private equity subsequently inked a deal to buy — the \$5bn block of loans was the largest non-performing and subprime book to hit the market since the crisis began in 2008. Wells Fargo and JP Morgan bought Anglo's US performing loans.

While Green Property may have stepped back from the Project Royal deal, it is possibly the only Irish property firm with the firepower to do major acquisitions. Earlier this year, it agreed a deal to manage more than €1bn in commercial property loans for Bank of Scotland.

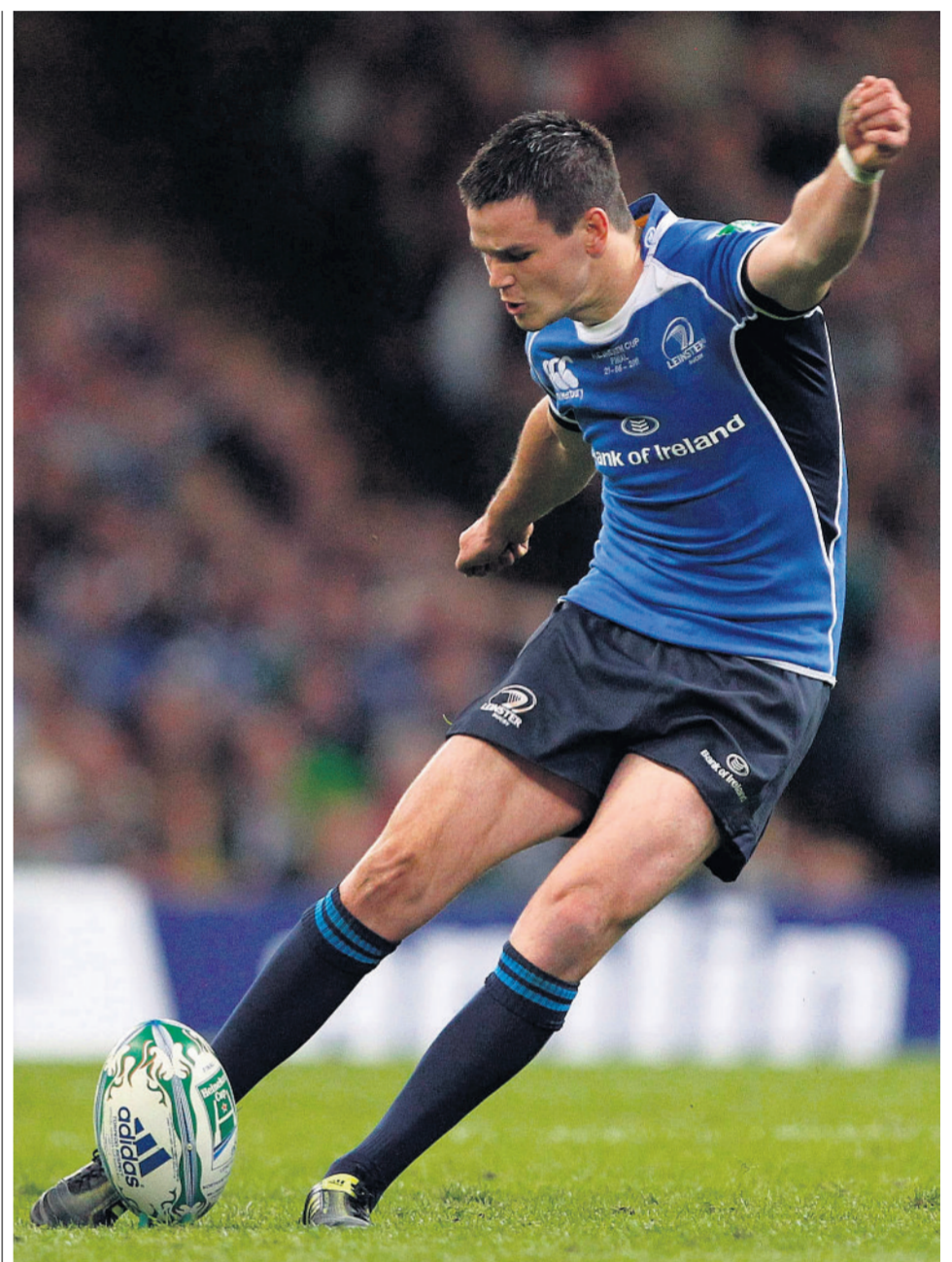
The company, which was taken private in a €1bn-plus deal back in 2002, has also teamed up with Ryanair chair-

man David Bonderman's private equity behemoth TPG to target up to €900m in property loans or assets.

It also manages more than €1.5bn worth of property for AIB — much of it part of the Achilleas Kallakis portfolio. Mr Kallakis is standing trial for fraud in London. It is alleged that he masqueraded as a Greek shipping tycoon in order to get up to €740m in property investment loans from AIB and other banks. AIB transferred the loan assets to Green Property at a loss of €63m after questions over the Kallakis business emerged.

Changes in last week's Budget to reduce commercial property stamp duty and to tweak commercial property tax breaks may help to re-animate the flatlining domestic market.

Election promises to look at scrapping upward-only rent reviews were dropped last week. Major property investors have welcomed this move, while retailers are in uproar over the decision.



KICKS: Jonny Sexton of Leinster, whose next Rabodirect Pro12 game is vs Ulster on Dec 23

Ireland's 'safest bank' downgraded

ROISIN BURKE

AS Dutch operator Rabobank loses its precious triple-A rating, one investment adviser says Irish banks are among the safest.

Rabo, sponsors of the Rabodirect Pro12 — the premier professional rugby club

competition — was the last bank still holding the Standard & Poor's mark, but the only one in Europe to be cut by two notches. The Dutch organisation advertises itself as "Ireland's safest bank" and "one of the world's safest banks".

"The Irish banks are among the safest out there at the moment," said IFG investment

consultant Matt Tenwick. "They have all the capital they need, the regulators have confirmed that, they're managing to reduce their loan book and getting healthier by the day."

"I wouldn't have any issue with having money there, within the level government guarantee."

A record-breaking year of horror for Irish businesses

The list of developers now facing judgements in the courts is like a Who's Who of the Celtic Tiger epoch, writes Harry Leech



IT'S been a record-breaking year in Irish business — for all the wrong reasons.

The 250 receiverships between January and November are already an 11.1 per cent increase on the total number of receiverships last year. Insolvencies also look set to top the 2010 total of 1,525.

But it's the total value of judgments against individuals and businesses made in Irish courts this year which are most alarming. Total judgments in 2010 were €906m, but records are set to be smashed this year.

Judgments against just eight individuals in the last two months total three times last year's entire figure, amounting to €2.976bn. The list of developers hit by court demands over the last few months reads like a who's who of the Celtic Tiger.

Sean Quinn €2.16bn For years, Sean Quinn cultivated the image of a man whose only indulgence was a €5 game of cards with old friends.

However, the true extent of his gambling has since become apparent and his punt on Anglo has cost him — and us — dearly.

Worth an estimated €6bn just a few years ago, the judgments totalling €2.16bn in favour of IBRC (formerly Anglo Irish Bank) have wiped him out.

Ray & Danny Grehan €619m

As Property Development Personality of the Year 2006, Ray Grehan was the poster boy for the Celtic Tiger.

Young, good-looking and loaded, he had it all, including a helicopter licence so he could shuttle himself to important meetings on time. Ray's brother Danny was less well known as the other half of Glenkerrin Homes.

All was rosy in the garden until things took a turn for the worse earlier this year — and NAMA secured an order of €619m against the property-developing brothers over unpaid loans.

Jim Mansfield €74m

Citywest supremo Jim Mansfield first hit the big time when he snagged a deal to repatriate British military equipment from the Falklands after their reconquest of the islands in the 1980s. Some commentators valued that deal north of €100m.

Until recently, his wealth was valued in the region of €200m and he had a fleet of luxury cars and a trademark helicopter.

But Mansfield was on the receiving end of a €74m judgment in October and that may not be the end of the bad news — Bank of Scotland Ireland is pursuing him for a further €206m.

Dermot O'Rourke €43m

Property developer Dermot O'Rourke hit the big time when he reportedly pocketed €100m when he and his business partner Gerry Conlan sold Millennium Park in Co Kildare for a whopping €320m in 2006.

But things have not been going so well for O'Rourke recently — AIB has secured summary judgment orders against him for more than €43m over unpaid loans and guarantees provided. Bank of Scotland Ireland previously secured judgements against him for €16.5m.



HARD TIMES: From left, Sean Quinn, Jim Mansfield and Mick Wallace

John Morrissey €36m

John Morrissey is a former executive of GPA and one of the investors in gaming software group Havok (bought by Intel in 2007 for €78m).

Unfortunately for Morrissey, that same year he set up Capital D to buy and renovate high end properties in Dublin. The timing was disastrous — the market had peaked and was set to plummet. Earlier this year, Anglo Irish registered judgments of €36m against Morrissey for unpaid loans.

John Walsh €33m

Earlier this year ACC secured a judgement of €33m against John Walsh, over land he purchased in Termonfeckin, Co Louth, Ballyboghil, Co Dublin and Clonmel, Co Tipperary.

Walsh and his associates had planned to develop an entire new village centre and residential units at the site in Termonfeckin — but it quickly became apparent that with the deterioration in the property market, the plan was a non-runner.

Mick Wallace €19m

Colourful TD Mick Wallace isn't your average property developer. An English & Philosophy graduate, he avoided boom-time trappings like the plague, spending his weekends managing the Wexford Youths soccer team instead of jetting off to St Tropez.

Well known for his outspoken political views and his pink shirts, Wallace was publicly tearful this year when ACC registered a judgment against him for €19m.

IT'S A STELLAR PAGE-TURNER



CONGRATULATIONS: Stellar magazine has won the Consumer Magazine of the Year award, sponsored by Newsprint, at the Magazines Ireland Awards 2011 ceremony held at the Four Seasons Hotel, Dublin. The award-winning publication boasts a circulation of 15,000-plus and is looking forward to an even more successful 2012. From left, Newsprint CEO Ian Keogh and from the Stellar team, Sandra Horan, Rosie McMeel, Dylan St Paul and Susan Vasquez

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