Ireland has been tipped as a hub to help airlines power planes more sustainably, writes *Oliver Hodges*

LOFTY AMBITIONS FOR CLEANER TRAVEL

 A €2.18 billion half-year profit for Ryanair, led by Michael O'Leary, suggests demand for air travel is hardly on the wane. Yet how do travellers and stock market-quoted airlines square the circle of a seemingly insatiable appetite for air travel and the

need to protect the planet? The answer may be sustainable aviation fuel (SAF). Brussels has set legally binding targets for 6 per cent of fuel at EU airports to be SAF by 2030, rising to 20 per cent by 2035 and 70 per cent by 2050. Ryanair and Aer Lingus's parent, IAG, have targets exceeding the EU ones. It is now up to SAF producers to make the fledgling fuel fly. SkyNRG, a Dutch SAF producer, and Sustainable Flight Solutions, an Irish consultancy, reckon Ireland could be a hub for SAF production, creating jobs and €2.5 billion in revenue.



COOKING OIL GIVES KLM WINGS

 Manufacturing sustainable fuel is not easy. It is typically made by blending kerosene with green fuel. The world's 🚤

commercial SAFpowered flight was operated by the Dutch airline **KLM** in 2011 using waste cooking oil. Since then the advance of

alternative sources of SAF, including recycled alcohols and sugars, has been slowed by necessary regulation. Getting new fuels into aircraft will require large capital investment in manufacturing facilities and significant scale to make production feasible in the long term, according to Luuk van der Wielen, professor of biochemical engineering at the University of Limerick. Based on other projects, the academic said, setting up a production facility in Ireland, with all the trimmings, could cost €1 billion. While a number of airlines, including Ryanair, have signed deals with SAF providers, getting developers to meet upfront costs without long-term contracts would be a sticking point.

OFFSHORE WIND POWERS UP HYDROGEN HOPES

• The most viable option for an SAF facility in Ireland is "power to liquid" production. Developed by electrolysing water into green hydrogen then combining it with carbon, the technology is already well advanced, according to Stephen Dooley, an associate professor of physics at Trinity College Dublin, But the challenges are significant.

Chief among them is finding enough renewable **power** to meet the intensive-energy demands and keep the carbon footprint close to zero. The answer in Ireland's case would be to link up a production facility with offshore wind projects such as the Shannon estuary plan. While competition for resources will be fierce, for Agnes Thornton, of Sustainable Flight Solutions, the benefits of a "new" local economy around green hydrogen outweigh the ease of exporting these resources abroad.



AGRICULTURE CAN FEED TRANSITION

EU regulations dictate that only waste foodstuffs can be used to make sustainable aviation fuel, so no soy or palm oil would be allowed. Because of Ireland's small scale this throws up interesting options when it comes to finding the carbon that SAF needs. In the long term, Dooley suggested, capturing it from the atmosphere — still some way off from being feasible — could provide the resources required and even make SAF carbon-negative.

In the medium term, using biogenic carbon, or plant matter waste from Irish agriculture, is a possibility. For Paul Deane, an energy researcher at University College Cork, the priority must be feasibility, not just ambition. Sweden and the Netherlands ... already have a biofuels industry," he said. "What we need to do in Ireland is not to dismiss the ambition, but work owards the evidence.'



AIRLINE TRAVELLERS PAY A HIGH PRICE

• The other looming question about sustainable aviation fuel for airlines concerns cost. Current orojections put the price of SAF at a multiple of fossil fuels. Yet for van der Wielen, comparison is misleading without "taking the climate cost of not using renewable fuels" into account.

In Ireland there are calls for financial incentives and a clear government policy. America's offer of tax credits to SAF producers has been particularly successful. **Jim Morrison**, chief risk officer at the Dublin-based aircratt lessor Avolon, said the sector n Ireland would be willing to play its part in any government initiative. For punters, the accepted narrative across the industry is that the price of air travel is only going to ncrease as EU deadlines on SAF start to ck in from 2030.



n July 2019, David O'Shea started what he believed would be one of the biggest care home businesses in

With Simon Coveney, then the tanaiste, at his side, O'Shea said he planned to raise €250 million to build a chain that would offer more than 2,000 beds.

The Cork founder of BlackBee Investments pledged the construction of buildings to house 1,000 new beds and the acquisition of 750 beds already on the market. He hired Paul Kingston, the experienced home operator, as chief executive and appointed Alf Smiddy, a Cork businessman, as chairman. Aperee Living was born.

"I want to wish BlackBee and Aperee every success with this investment and I look forward to seeing these new facilities coming on stream," Coveney said at the launch event.

Four years on, Aperee faces a potential meltdown.

The Health Information and Quality Authority (Hiqa), the industry regulator, cancelled the registration of three of its homes at Ballygunner, Co Waterford; Callan, Co Kilkenny; and Belgooly, Co Cork. The Ballygunner and Belgooly homes have closed and the HSE has taken over the running of the home in Callan.

Higa met O'Shea in July to tell him it would be cancelling the registration of Ballygunner, a 64-bed nursing home.

It said there were "significant concerns in relation to the fitness of the registered provider, particularly the failure to act in good character and engage honestly and transparently with regulators" In documents obtained by The Sunday Times through a freedom of information request, Higa said there had been no maintenance of the property, fire drills were not conducted, and that the home had not ensured that each resident was "provided with adequate quantities of food and drink".

On one occasion, during a meeting at Higa's offices, O'Shea claimed that cleaners were on site to give the home a deen clean. He was told that Higa's investigators were on the site and this was not

Ballygunner home. Separately a Cork building company has appointed a receiver to Aperee Cork, which was redeveloping the former Glanmire Rectory into a flagship 100-bed home. Aperee faces several legal challenges

AIB has appointed a receiver to the

in the High Court, including cases being brought by Revenue, UniSync Medical Recruitment and Xpress Health, a nurs-UniSync and Xpress Health declined to

comment. The Sunday Times understands that the claims relate to debt collection, with months' worth of payments allegedly overdue.

BlackBee has suffered huge upheaval at management level. In the past three vears 21 senior executives including Alf Smiddy, two chief financial officers and two non-executive directors have

Paul Kingston and Hazel O'Connor, Aperee's chief financial officer, quit in June last year. The pair promptly took a case against Aperee, claiming a 40 per cent interest in the equity of the group. They currently hold a charge over shares

Henry Burrows, a healthcare industry veteran, was brought in as chie



Touted as a major player in the care home sector, the company now faces a short, sharp sale or a meltdown, writes *Linda Daly*

executive to replace Kingston at the start of 2023. The appointment was seen as a coup for Aperee. At the time O'Shea said: "With Henry at the helm we firmly believe that we will grow Aperee Living from a mid-sized

operator into one of Ireland's largest

Within weeks Burrows walked out. He was concerned about the "financial investment brokerage. health" of the company. He did not return a request for comment last week. tinction was drawn between property O'Shea has told The Sunday Times that investments promoted by O'Shea

Office show that between 2020 and 2023 Aperee Holdings received almost €30 million from the BlackBee Health Fund and City Quarter Capital II, the issuer of the funds.

Aperee is not O'Shea's only crisis. In May the Central Bank of Ireland applied to the High Court to appoint liquidators told The Irish Times in September that he to BlackBee Investments, his regulated At the time of the appointment a dis

more than double to €11.8 million between 2022 and 2025. as much as €125 million has been through his City Quarter Capital and the invested. Documents filed last month rest of the business, which was regulated

David O'Shea, left, had big plans to share with Simon Coveney, the tanaiste, about Aperee Living back in 2019

through the Markets in Financial Instruments Directive (Mifid). Last week however, Luke Charleton

and Colin Farguharson of EY, the liquidators of BlackBee Investments (BBIL). told The Sunday Times that "funds invested ... by various investors were help of bank debt and provide an exit for used in some instances as investments in the fund investors. This too failed. the Aperee Group"

"None of these investments gave ownership rights or any controlling interest to the investors in BBIL," they said.

Speaking to this newspaper last Friday, O'Shea, now Aperee's only director, placed the blame for his company's probhow the group could meet it. lems on headwinds in the industry since a planned sale to a Belgian nursing home

> the moment has missed appointments. gone up so much and the marginal

revenue that we get from the government has simply not caught up," he said. "The failure of the government to do anything in the most recent budget was a

After the glitzy launch of the BlackBee Healthcare Fund, Aperee did assemble a portfolio of 12 nursing homes and two development sites. It acquired the Lakes nursing home in Co Clare and St Martha's in Co Cork from Black-Bee investors. These two homes are operated by Mowlam Healthcare and are fully compliant with Higa

huge shock to the industry."

Aperee bought homes in Churchtown, Co Cork; Tralee, Co Kerry; and at Ballygunner; and also acquired prime **shoes on** Rochestown in Cork city, both of which would be sites for modern 100-bed

ley Group, an operator that ran seven has also been stress. The daughter of nursing homes, some of them owned separately by other BlackBee investors. The company reportedly paid €40 million for Ditchley In 2021 O'Shea decided the best

In August 2020 Aperee acquired Ditch-

way to provide an exit for investors would be to sell the group. A sales brochure created by PwC, the professional services firm, predicted a great future for the Aperee Living nursing At the time the company had 632 bed-

rooms in 12 homes in the south and west ing, they were so good and kind," the resiof the country and it said the portfolio stood to grow to 981 beds by 2023. Extensions and the development of the sites at Glanmire and Rochestown, Co. Cork, would increase the bed count by 55 per cent. Earnings before interest,

pitched as a "unique opportunity to ratio of employees to agency staff. Steps to keep the homes open.

acquire one of the few were not being taken to remedy the fire remaining portfolios of safety issues and in some instances the scale in the Irish nursing It did generate interest but nothing near the asking fees not being paid for another nursing

price. O'Shea said Aperee came

gian investment firm and blamed publicity around the action by Kingston Hiqa has been informed that a sale of the and O'Connor for hindering the deal. With the sale off the table, The Irish Times later reported that O'Shea planned Investors and nursing home residents to raise capital from a group of outside and their families will hope that this investors to buy the portfolio with the goes through quickly, before any other

Through updates issued by BlackBee. investors then became aware of a further problem. The company faced a hefty bill

As the sole director of both BlackBee Investments and Aperee, O'Shea has been the person responsible for meeting the Central Bank and Hiqa. It appears the pling not just for us, for the investment director has at times strug- backing the venture; some hold security industry. The marginal gled to keep all the balls in the air as the over nursing home properties while costs of running beds at Central Bank and Hiqa both reported

One man with

dementia was

found in

bed fully

clothed at

shoes on.

clear that resources were stretched.

The woman was told

save time and dress him then.

9am with his

One man who invested €20,000 in one of the healthcare bonds in January 2021 told The Sunday Times he expected to get his money back within two years of

nursing home sector" "All that I and my business partners

here regarding private nursing homes and now they are being managed "We have to make sure that when Higa does major reports about fire safety finance and quality of care, that action is

one resident with dementia at the now-that people will now also think badly closed 68-bedroom Belgooly of them nursing home recalled finding her father in bed fully clothed at 9am – with his

the sector in 2022. It said it "cannot comment on any sin

"Staff in Aperee were absolutely amaz-There is little doubt that timing has played a part in the struggles of the dent's daughter said, before adding it was Aperee Group. It did not help that the fund launched less than a year before the She immediately contacted Hiqa about pandemic began. The turnover in management was also a huge challenge.

taxes, depreciation, amortisation, rent ors of nursing do a great job and the funding of the project would have been a and management fees were expected to majority of reports you will get back will challenge as interest rates went up. While Higa found that staff were pro-Such healthy figures helped to justify fessional and residents happy in most of well as putting a proper plan in place to the asking price of €110 million. It was the homes, there were concerns over the comply with the regulations – if they are

homes did not have separate accounts

close to selling the group to a Bel- Friday that all fees were up to date. The Sunday Times understands that portfolio of nursing homes is imminent and will see O'Shea leave the business.

Cormac Megannety, senior director of nursing homes with CBRE Healthcare, was recently appointed to the sale of the half-built nursing home in Glanmire. He to meet Higa fire safety regulations at its said the closure of nursing homes would homes. The Sunday Times understands—devalue them and also make it difficult that bill was €4 million. It was unclear for them to reopen quickly. "It would be very difficult to get market value for the homes today," he said.

Higa also expressed concern about

home at Camp, Tralee. O'Shea said last

for residents' funds.

That is bad news for the pension inves tors who supported the nursing home dream. Several funds are involved in others have only a claim over shares in the Aperee group.

"I was sold this by a financial adviser as

a low risk. I have young adults going to college. We only received limited information – I wasn't aware of homes closing," he said O'Shea said investor return was "now

a function of how the government responds to the crisis facing the Irish

have ever wanted is that we keep as many homes open despite the headwinds. We are simply trying to make it work from a commercial point of view," he said. Tim Lombard, a Fine Gael senator from Cork, said there was "a bigger issue

For residents and their relatives there taken on a faster timeline," he said. Other nursing home operators fear

> The Alliance, a nursing support net work with 17 homes, pointed out that there was 93 per cent compliance across

gular case but where there is a clear breach of regulations [we are] fully behind the regulator taking appropriate,

that her father, 79, had wet the bed in the night and hard-pressed staff decided to necessary action".

O'Shea said: "There may always be The development of the Glanmire site solated incidents but the staff and direct-O'Shea and Aperee will need to get a sale over the line as soon as possible – as

Apple's past taxes don't matter—the future does

Falling inflation to 'force' ECB to cut interest rates

Forecast from Bank of America's Europe economist warns of a period of stagnation, writes Jon Ihle

he European Central Bank (ECB) will be "forced reluctantly into cutting interest rates by midsummer as inflation falls faster than expected, according to Bank of America's top European economist.

Ruben Segura-Cayuela, the US bank's head of European economics research, said the eurozone is "one shock away" from returning to a "low-inflation equilibrium" where rates could once again test the lower bounds. "The eurozone economy is just surviving," he said.

clients, is forecasting the first

cut in rates in June 2024, with

one 0.25 percentage point cut

long term."

"Inflation is coming down faster than the ECB expects. There is no demand to sustain inflation over the Segura-Cayuela, who was in Dublin last week to meet Bank of America corporate

Christine

resurgence in inflation after last month's surprise dip to 2.9 per cent – tantalisingly close to the 2 per cent target. ECB forecasts see inflation persisting above that level until the end of 2025,

to hold rates higher for

longer. Gabriel Makhlouf.

and inflation will fall to 1.5 per cent in 2025 as the European economy stagnates, putting the ECB under pressure to stimulate growth with cuts. meaning policymakers want

"People misunderstood the kind of shock we had," he said. "We are poorer because of how much we have to spend on energy.'

inning of the company from

nis parents Karl, a vet, and

ane in 2003. His sister

Village Vets collars a vital cash boost

Village Vets, a group of veterinary practices in the greater Dublin area and operator of Ireland's largest pet crematorium, has secured signficant private equity funding.

The investment from Inflexion, a UK-based investment firm, will support a €3 million expansion in four of the group's 19 practices in Dublin, Meath and Wicklow The group will also open a new facility in Ashbourne, Co Meath.

The company would not

regulatory approval. Village Vets is headed by Charles Cosgrave, who will

reland, a wholly owned subsidiary of Mars Inc, had previously been linked with a deal to buy the compan Cosgrave said he was excited that with additiona unding in place, from a partner with experience in our sector and who shares accelerate our growth plans

veterinary practice, which

was sold for a reported

£1 billion in 2021.

Background checks pay off for Desmond's Daon

Daon, a biometrics specialist owned by the Irish billionaire Dermot Desmond, has offloaded a 51 per cent stake in an American company that provides FBI-approved, fingerprint-based criminal background checks. Daon sold its stake in

than \$20 million. Its Double Check product allows individuals to obtain a copy of their FBI criminal record, also known as a rap sheet, normally within

24 hours. DTIS, founded as a joint venture between Daon and the American Association of Airport Executives, has provided backgroundchecking services for more than 300 airports and 75 air



15 million checks. andidate screening. including fingerprint, face voice, iris, keystroke and

oalm, either discretely or in Companies in the financial services, telecoms, travel and

> ndustries, use its technology to secure and process nillions of digital identity ransactions a day. This summer Daon aunched AI.X to combat hreats posed by generative artifical intelligence. It emplements the company's

range which includes dentityX and TrustX. Daon developed the Verifly vaccine passport app, which was used by several airlines and cruise lines during the oandemic. It also has a deal with an esports company to combat gamer fraud. Desmond is a longstanding backer of technology companies, and is the largest

shareholder in Datalex, an

ecommerce solutions group.

Brian Carey

Gabriel Makhlouf, governor of the Central Bank of Ireland, has urged credit unions to restructure and build scale as forthcoming legislation offers the sector an opportunity "to transform into a community-based provider of universal retail banking products and services"

Addressing the Irish League of Credit Unions' annual conference, Makhlouf said that, even within existing rules, larger credit unions had €2.1 billion available to them to increase their share of mortgage and business lending. At 30 per cent, credit unions' loan-to-deposits ratio was close "to historically low levels", he said. At present, credit unions

Credit unions urged to raise lending levels business loans.

credit unions, only 12 had applied to avail of the increased lending limits and of these 12, nine had already been approved. The Credit Union (Amendment) Bill provides for the establishment of corporate credit unions

where groups of credit unions may invest as shareholder members. This would enable access to greater potential funding and lending opportunities, including credit cards, mortgages and commercial loans. The bill also provides for smaller credit unions, which choose to remain standalone, to collaborate and refer business to other credit

access to the broader range of

services", the governor said.

of shopping centre loans

oans advanced to two of Dublin's largest shopping The debt sale went to second-round bids last week, with four credible bids received in the first round, according to property industry sources. Offers were said to be at

AIB faces a haircut of up to

20 per cent on the sale of

centre, which is controlled by Goldman Sachs, was put on the market last month for than Goldman paid for it in late 2020. The AIB loan on the centre has a face value of €175 million and is part of a total syndicated senior debt

the Square in Tallaght owed AIB €191

of 2021. about €160 million, as

Times in the summer. Alantra, a global to handle the sales

The owners of

Square Retail, a vehicle owned by Oaktree Capital €700 million, €50 million less | Tallaght mall. It owed the bank €191 million at the end

> disclosed by The Sunday nvestment bank, is booked

Brian Carey Agenda

ow much does the world care about the Apple tax case? Three years ago, the general court of the European Union found that the European Commission erred when it decided that Ireland's historical tax treatment of Apple's profits constituted

illegal state aid.

The general court found that the commission, which believed Apple should pay €13 billion in tax to the state had failed to prove its case. The commission appealed against the ruling. Last week Giovanni Pitruzzella, the advocate-general of the Court of Justice, recommended

Apple shares ended the week up mroe than 5 per cent. Setback, what setback? The Court of Justice is now expected to affirm Pitruzzella's recommendation and send the case back to the general

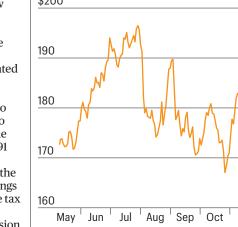
court. It sets the process back to square one. Some €13 billion, lodged by Apple into an escrow, will have another few

years to rest in that account. The EU competition commission case relates to two companies, Apple Sales International (ASI) and Apple Operations Europe (AOE), incorporated under Irish law but owned by the American multinational.

These companies held the rights to use the firm's intellectual property to make and sell its products outside the Americas. Tax rulings adopted in 1991 and in 2007 excluded the profits generated by these companies from the Irish tax base. The EU says these rulings were tantamount to state aid and the tax idvantage earned was €13 billion. It is seven years since the commission decision and legal experts believe it

ould take seven more years to reach a

esolution in the case The big concern for the authorities nas been that the sight of Apple



paying back taxes to the Irish government would somehow this barely seems credible If an adverse decision is reached in

Revenue ruling came in 2007, the year the first iPhone was sold. We are now on iPhone 15. It is therefore an to a company operating here now or looking to establish operations here The real thrust of the EU campaign

2030, then it would be almost 40 years

since the original tax ruling. The second

was to target tax competition, which is still very much a plank of Ireland's industrial policy Its banner finding was that the effective tax levied on Apple here was at a rate of 1 per cent on its European profits in 2003, falling to 0.005 per cent

in 2014 or €50 for every €1 million of profit. Apple maintained that the tax due on those profits was deferred and following tax reforms was paid in the

jurisdiction where it was properly due: the US. The tax was never due here In many ways the campaign by Margrethe Vestager, the competition ommissioner, could be deemed a success regardless of the outcome in that it helped propel western governments and the Organisation for Economic Co-operation and

Development towards reforms on nimum rates and the broadening of the corporate tax base. Yet one doubts that Brussels will onsider this to be job done. And if reland did lose out in the world's largest antitrust case, then it might

That is something government would care about, even if it would be €13 billion richer. Turbulence ahead for cheap flights The outlook for low-cost air fares in the

vear ahead looks grim. Ryanair's

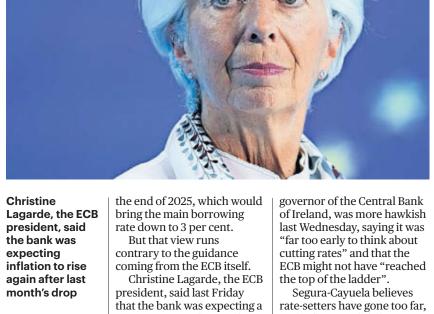
provide the impetus for a new

rackdown on tax competition.

constrained capacity across Europe. The airline's average fares rose 24 per cent. A big factor in the coming years, said Michael O'Leary, the chief executive would be the continuing inability of Airbus and Boeing to accelerate delivery There are also issues with Pratt & Whitney engines on some Airbus A320s O'Leary expects "material groundings of competitor capacity through the summer of 2024" and does not see Europe returning to its pre-Covid seat capacity until 2026 at the earliest. Dublin airport faces a cap on its capacity because of planning condition It is not a great time for the airport operator to be raising charges. With competition constrained, it looks like these will just be passed to customers Threats of higher fares smell of a ploy o prompt panic bookings. This time they may well be real. brian.carey@sunday-times.i

bumper half-year profits revealed las

week were in no small way a result of



per guarter after that until

Linda Daly



continue to run the business

after the investment.

Cosgrave took over the

lianne, also a vet, joined the mpany in 2005. The company will double s capacity at Dundrum and invest in its Cabra, Sandyford and Coolock vet practices in Dublin. It had a turnover of €16.4 million last year and a pre-tax loss of €795,000. Linnaeus Veterinary

Inflexion has previously ovided minority funding to Medivet, a UK-based

Digital Trusted Identity Services (DTIS) to Nasdaqquoted HireRight for more



carriers and claims to have facilitated more than

HireRight specialises in Founded in Dublin, Daon nas its headquarters in Fairfax, Virginia. Its identity authentication technology ises a range of biometrics



ospitality sectors, and other

€100 million can seek to

advance up to 15 per cent of

with assets of more than

their total assets in home and Makhlouf revealed that of the 67 larger, qualifying

80c on the euro. The Sunday Times reported in September that AIB had started the process of offloading the loans which are secured on Blanchardstown shopping centre and the Square in Tallaght. The bank's move came as the respective owners of the

Blanchardstown shopping

properties

AIB left counting the cost

package of €570 million

AIB is the main senior

lender to OCM Luxembourg

The centre is being sold for

million at the

that the decision of the general court be re-examined.