British weapons dealer sells portfolio of Irish residential properties to Davy fund

BAE Systems made a €2.4 million profit by divesting itself of 43 second-hand Irish homes less than a year after buying them

BY KILLIAN WOODS

The pension fund of a British weapons dealer has sold its Irish residential portfolio to a Davy investment fund for a 15 per cent profit less than a year after purchasing the homes, the *Business Post* can reveal.

BAE Systems spent €14.4 million acquiring 43 second-hand properties in Ireland in 2021 through its pension fund. Records obtained by this newspaper show the weapons maker sold the properties in April for €16.8 million to an investment fund controlled by Davy, making a profit of €2.4 million.

BAE Systems made an average of €50,000 profit on each unit. One three-bed semi-detached home in Clonee in Dublin 15, which was bought on the open market in August 2021 for €340,000 was sold in April 2022 for €488,000, a €148,000 profit. Several other properties in Finglas and Swords were sold for a profit of more than €80,000.

An examination of homes purchased by the firm's pension fund has shown that at least 33 of the 43 were acquired individually on the open market, not as part of a bundle. In many cases, the arms manufacturer paid significantly more than the going rate to secure the homes.

In Swords, BAE Systems spent between €50,000 and €115,000 more than the median property price in the area in that given month to outbid other potential buyers. Last September, the company paid €388,000 for a home in Clonsilla, which was €70,000 more than the median price for the area at the time.

BAE Systems is one of the largest weapons companies in the world, and recorded £19.52bn in revenues last year

One four-bed home in Crumlin was acquired for €460,000 in November 2021, which was €134,000 above the median price of other homes in the vicinity that month, based on Central Statistics Office data.

BAE Systems originally sought to acquire the properties in order to lease them to Dublin City Council and Fingal County Council for use as social housing. It secured a preliminary agreement to lease some homes to Dublin City Council, but the deal was abandoned after the local authority said "it would not be appropriate to proceed".

This newspapert contacted BAE Systems to ask why it had it decided to divest from its Irish residential portfolio so soon after buying the homes. A spokeswoman for its pension fund said it had a broad portfolio of investments, which was "kept under constant review".

"The details of our investments are commercially sensitive, but we can confirm that following a review, we have recently divested a number of property investments in Dublin to a third party," the spokeswoman said.

Land Registry records show an investment fund controlled by Davy called the Davy Platform ICAV is now the owner of the 43 properties.

When asked to comment on details of the deal with BAE Systems, a spokesman for Davy said it did not discuss client matters. The *Business Post* also asked Davy whether it was ethical to do business with armament firms, but the firm declined to comment.

BAE Systems, which is led by chairman Sir Roger Carr and chief executive Charles Woodburn, develops fighter jets, guns, artillery and tanks. It recorded revenues of £19.52 billion in 2021.

In 2019, the company was accused of "aiding and abetting" crimes related to the conflict in Yemen. The claim was made in a complaint to the International Criminal Court (ICC) by the European Centre for Constitutional and Human Rights.

The firm was cited in the complaint because it provides fighter jet aircraft to the Royal Saudi Air Force.

The complaint said BAE Systems "purposely intended" to supply the Saudis with arms, and that after the conflict in Yemen had begun, company bosses would have become aware of "the abundance of reporting on the violations being committed".

It added: "The realisation of the war crimes, for example the intentionally targeting of civilians, attacks on schools, hospitals and cultural heritage, was a consequence of the assistance in the ordinary course of events."

BAE Systems has previously defended its sales to Saudi Arabia. It said it is a defence company that complies with British arms export regulations.

McEntee to bring forward proposals to legalise third-party legal funding

Justice minister announces move on US trip to promote Ireland as legal hub for doing business in Europe

BY CATHERINE SANZ

Proposals to provide for the introduction of third-party funding of international arbitration are set to be brought forward by Helen McEntee, the *Business Post* has learned.

The Minister for Justice outlined her intention to introduce third-party funding while delivering remarks to lawyers in New York last week. This type of funding enables a party with no connection to a case to cover the cost of a lawsuit, typically in exchange for a share of the payout if the case is successful.

McEntee was visiting the US as part of a three-day promotional visit with Ireland for Law, a government-wide marketing strategy that sets out to encourage companies to look to the Republic for litigation, arbitration and general legal advice.

Helen McEntee: sees the introduction of third-party funding as improving Ireland's competitive edge to secure international arbitration RollingNews

A department spokesman said the minister had outlined her intention to bring forward proposals, as an amendment to the Court and Civil Law Miscellaneous Provisions Bill which is currently before the Dáil, to provide for the introduction of third-party funding of international arbitration.

"The minister said this change would improve Ireland's competitive edge in a global battle to secure this international service," he said.

Third-party funding is not currently permitted in Irish law, with the Supreme Court noting in 2018 that any change to introduce it must come through legislation.

While the minister's remarks outline an intention to introduce it for international arbitration, the practice will still not be permitted for litigation. Along with international arbitrations that take place in Ireland, it is expected the move will also impact on arbitrations subject to Irish law around Europe.

Third-party funding of litigation has been the subject of controversy in certain jurisdictions, such as the US, where lawsuits have been bankrolled by the ultra-rich in controversial circumstances.

> **Third-party funding of litigation has been the subject of controversy in certain jurisdictions**

The most notable in recent history was the case between Gawker Media and the wrestler known as Hulk Hogan, which was partially funded by $10 million from Peter Thiel, a Silicon Valley billionaire. Gawker had outed Thiel as gay in a 2007 piece, and he later told the New York Times that the media company was a "singularly terrible bully".

The aim of the Ireland for Law trip was to showcase to US companies that Ireland was the "preferred legal hub" for doing business in Europe, as an English-speaking common law jurisdiction.

The mission brought together members of the Law Society of Ireland, including representatives from numerous law firms, and members of the Bar of Ireland. Also speaking at the event alongside McEntee were David Barniville, President of the High Court, and Paul Gallagher, the Attorney General.

Irish cosmetics firm prepares to launch in Britain and Middle East

BY LORCAN ALLEN

Sculpted By Aimee, the Irish cosmetics company, is targeting international expansion this year as it prepares to launch its range of products in Britain and the Middle East by Christmas. It has also started the registration process to enter the US market.

Aimee Connolly, founder and chief executive of the Dublin-based firm, said the company would launch its brand into the British market for the first time from early October through a retail listing in 100 Boots stores. It is also planning listings in Dubai and the United Arab Emirates later this year.

She said her longer-term goal was to enter the large US market, which is valued at almost $100 billion per year.

"I just know in my gut that this is going to be a global business," Connolly told the *Business Post*.

"What I really want is for Sculpted By Aimee to be a household name brand that's still in make-up bags for years to come. We're not going to stop here. The US is definitely the longer-term goal but I'm also realistic in what will be needed to approach that market.

"We're already getting ready from a product registration point of view [with the US food and drug administration] so that it doesn't hold back our future launch plans. But we need to get across to the British market first, which has been a big learning for me. It's been a lot tougher than I expected."

Connolly said she had assumed that British consumers would be similar to Irish ones, but that had not proved to be the case.

"We speak the same language and it's only a hop and a skip across the water, but the market is a little bit different. There's a lot more consumers over there and they have a lot more choice than we have in Ireland. That sounds really obvious but it's created a different challenge."

Founded in 2016, Sculpted By Aimee has grown rapidly since its first products hit the market. Starting with just two products in its first year, the business now has a range of more than 180 branded products. Last week it opened its new flagship store on Grafton Street in Dublin

The latest accounts filed with the companies office show pre-tax profits at Sculpted By Aimee more than doubled last year to just over €3 million. Accumulated profits over the last four years have grown to just under €4.5 million, while cash at hand increased by 20 per cent last year to just under €1.6 million.

Connolly, who retains full ownership of the business, said a number of investors had approached her, but that the time was not quite right for taking on investment.

"I would never say never, so I will keep my mind open to future investment. It's a subject I need to dip into and educate myself more on. Finding an investor wouldn't necessarily just be about the money. It would be about the whole experience and what any investor could bring to the brand or the company," she said.

"I have had approaches from investors, nothing for a direct buyout but some lovely offers of investment. It just wasn't the right time to be honest. I'm not someone who's building a business to exit in three years. I have full respect for those that want to do that, but I just adore work too much. I feel there's way too much potential for where this brand is going for me to exit right now.

The global cosmetics market was valued at more than $340 billion last year.

Demand for cosmetics products like make-up, nail polishes and hair colours is growing at more than 5 per cent every year, meaning the industry is forecast to be valued at more than $480 billion by the end of this decade.

See The Magazine, cover story

Aimee Connolly of Sculpted By Aimee

Bluestar raises $100m for slow-burn energy projects

BY CHARLIE TAYLOR

Declan Flanagan, who previously led the onshore business of Orsted, the Danish renewable energy company, has raised $100 million for Bluestar, a new investment platform.

Flanagan, who led Orsted's €571 million acquisition of Brookfield Renewable Ireland last year, said the new firm had opened an office in Dublin.

He told the *Business Post* Bluestar's initial focus would be on greenfield wind and solar development projects in the US, Australia and Europe. He said the firm also intended to "take a long-term approach to the infrastructure needed to drive the energy transition to 2030 and beyond".

"We see opportunities at the early stage of development and in more efficient financing for operating projects," Flanagan said.

Headquartered in Chicago, Bluestar has developed two regional platforms: Nova Clean Energy, a US-based company, and Bluestar Energy Australia, which is based in Perth. Flanagan is to run the parent business from Dublin, and he said plans were afoot to establish a European platform.

"Ireland isn't top of the agenda as a place to invest, but it is a great place to base a business like ours with a lot of good talent available," Flanagan, who lived in Chicago for 18 years before returning to Dublin, said.

"We're focused on a European development platform. Will it have an Irish component to it? I obviously hope so but it will have to be pan-European in its outlook."

Bluestar has secured an initial €100 million from investors S2G Ventures and Great Bay Renewables, with Flanagan remaining the controlling shareholder. Senan Murphy, a former chief financial officer of Airtricity, has joined Bluestar's board, as has Dennis Meaney, a former president of Lion Clean Energy (LCE).

Flanagan previously held the chief executive roles at Airtricity North America and LCE, which was acquired by Orsted at a $580 million valuation in August 2018. He said that while the €100 million raised for Bluestar was a relatively small amount, it was many multiples of the sums used to launch both Airtricity North America and LCE.

"While $100 million of formation capital is tiny compared to the capex I'd been investing before, with some $3 billion invested while at Orsted, it is significant enough," he said.

Flanagan intends to seek additional investment for Bluestar. He said the group would be looking at projects that could take between five and seven years to come online, a space where there wasn't enough investment currently.

"There are always opportunities in greenfield development and it is the part that takes the most patience. It is the riskiest part of a project, and therefore usually the most valuable," he said.

"I'm comfortable with settling in for the years it takes for infrastructure to be developed, whereas a lot of the money coming in right now is spent on bidding up the price of an operating wind or solar project because people are after instant gratification."

Fingal council leased slew of social homes from British weapons dealer

BY KILLIAN WOODS

Fingal County Council signed a deal to lease two dozen homes from the pension fund of a British weapons dealer last year, despite state guidelines banning deals with arms makers.

The local authority directly negotiated agreements to lease 13 homes from BAE Systems pension fund, which is linked to the British arms maker, to use as social housing in October 2021.

When the agreements to lease the 13 homes were signed, Fingal County Council already had 11 homes owned by BAE Systems in its social housing stock. These 11 leases were commenced when the properties were owned by another investment company and subsequently sold to BAE Systems, which develops fighter jets, guns, artillery and tanks.

A copy of the contract used by Fingal County Council and BAE Systems for the leases of the most recent 13 homes, obtained by this newspaper, included a stipulation that the local authority could not enter an agreement with a firm involved "in the manufacture or sale of arms and weapons".

It added that if an arrangement was struck with a lessor who was, or became, involved in arms manufacturing the lease would be void.

A spokesman for Fingal County Council told the *Business Post* it had become aware the BAE Systems pension fund was linked to a company involved in weapons manufacturing in November 2021 and "immediately moved to rectify the situation".

He said the local authority backed out of agreements to lease a further 60 properties from BAE Systems in November 2021 after it became aware the company was a weapons manufacturer.

Fingal County Council's move to rectify the situation came in the same month that the Irish Times reported that BAE Systems was in negotiations to lease six properties to Dublin City Council.

Following the reports, Dublin City Council backed out of discussions because "it would not be appropriate to proceed with" the deals.

Darragh O'Brien, the Minister for Housing, told this newspaper that no review would be conducted into how Fingal County Council entered into the lease agreement.

A spokeswoman for the BAE Systems pension fund said that from the outset of its engagement with Fingal County Council, it was "open and transparent about the relationship between the fund and BAE Systems plc". She added that the firm had complied fully with all disclosure requirements.

Last year, Fingal County Council agreed to pay monthly rent to BAE Systems at 80 per cent of the market rate at the time. According to Residential Tenancies Board data, the average rent in north Dublin across 2021 was roughly €1,800.

Based on when Fingal County Council entered lease agreements with BAE Systems, the council paid the company more than €260,000 in rent for the 24 homes.

The council did not specify how it sought to "rectify" the matter with BAE Systems in November 2021, but a spokesman said the 24 properties the council had leased from the pension fund were subsequently sold to another investment company.

Last week, the *Business Post* revealed that these 24 homes were sold to a fund controlled by Davy called the Davy Platform ICAV in April 2022. That fund is now owned by IQ EQ Fund Management (Ireland) Limited after it completed its takeover of Davy Global Fund Management in July 2022.

BAE Systems sold its entire portfolio of 43 homes in Dublin to the Davy Platform ICAV for a 15 per cent profit less than a year after buying the homes. BAE Systems spent €14.4 million acquiring the second-hand properties in 2021 and sold on the properties in April 2022 for €16.8 million, making a profit of €2.4 million.

Aughinish Alumina refinery, and its dump which holds millions of tons of bauxite residue left over from the production of alumina
Shutterstock

Aughinish plant gets €2m IDA grant to treat 'red mud' dump

Co Limerick Alumina refinery, currently up for sale, received planning permission to raise the height of its waste area in the face of local opposition

BY MICHAEL BRENNAN

The Aughinish Alumina refinery has secured a €2 million government grant to carry out environmental protection work on its "red mud" waste dump.

The Limerick-based company recently escaped the impact of EU sanctions imposed on oligarch Oleg Deripaska, who owns the plant's parent company Rusal.

It imports around 4.6 million tons of bauxite ore per year and uses it to create two million tons of alumina, which is shipped to smelting plants in Europe to make aluminium.

According to the European Commission's register of state aid, it received a €2.1 million grant from IDA Ireland this year for work that "goes beyond union standards for environmental protection."

The *Business Post* understands that this environmental protection work will be carried out on its dump, which stores millions of tons of "red mud". This is the bauxite residue left over from the production of alumina.

Aughinish Alumina recently secured planning permission from An Bord Pleanála to expand its red mud waste dump despite the opposition of local farmers and environmental groups. It is going to be allowed to raise the height of the dump by 12 metres so that it can put another one million cubic metres of red mud waste there annually until 2039.

Aughinish has a workforce of around 482 full-time staff and a further 385 contract staff. It is one of the largest employers in the west Limerick/north Kerry region.

Its operations had been threatened earlier this year by the decision of Rio Tinto, the global mining group, to suspend its shipments of bauxite ore to the 1,000 acre site on Aughinish island following the Russian invasion of Ukraine.

Deripaska owns the Aughinish Alumina refinery in Ireland though EN+, the London-listed company in which he has a significant stake. Back in 2018, the plant was threatened when the US Treasury imposed sanctions on him in response to Russian government cyberattacks and interference in the US elections.

However, Aughinish Alumina's owners managed to secure new supplies of bauxite ore from mines they own in Guinea in west Africa to compensate for the loss of Rio Tinto's supplies.

Aughinish Alumina is currently up for sale, and there is said to be interest in buying it from US investors.

However, its most pressing challenge is the rising cost of energy. It currently produces around 1.25 million tons of carbon emissions from producing two million tons of alumina every year.

The company has said that this is a 40 per cent reduction on its level of emissions a decade earlier. But it will have to deliver further reductions to meet the government's targets of a 35 per cent reduction in industry emissions by 2030.

A spokesman for Aughinish Alumina said he would not comment on the €2.1 million grant from IDA Ireland.

An IDA spokesman said it would not comment on its grant to Aughinish Alumina because the matter was commercially sensitive.

He said the IDA provided financial support to companies as part of its remit to win foreign direct investment to Ireland.

"These funding programmes are vital in assisting IDA Ireland in its role to promote Ireland as a place to locate and expand investments. These supports are provided in areas such as research and development, training, employment and capital investment and are operated in compliance with EU rules within the IDA's grant programme," he said.

Oleg Deripaska, the Russian oligarch whose firm owns the Aughinish plant
AFP/Getty

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British flexi-hotel group Kula to open its first Irish branch

BY KILLIAN WOODS

Kula, the British hotel group, will open its first location in Ireland after reaching an agreement to manage a new site in Dublin city centre acquired by Gold Tree Group, an international real estate investment firm.

Kula has said its new Dublin hotel, on the corner of Little Britain Street and Little Green Street in Dublin 7, will open in 2024.

Kula has a portfolio of 16 hotels that provide accommodation for both short trips and months-long visits to a city, the latter via serviced apartments. The firm's properties are spread across London, Lisbon, Sydney and Melbourne.

The Dublin site will be managed by Kula, but is owned by Gold Tree Group, which bought the disused warehouse from Sam Dennigan & Company, the food wholesaler and distributor.

The deal to enter the Irish market follows another agreement between Kula and Gold Tree Group in Lisbon.

Kula also plans to expand to Basel, Switzerland and Stuttgart, Germany, in the coming years after securing further properties in those cities.

Moran Machtey, co-founder and chief executive of Kula, said the deals to expand were the beginning of the firm's "ambitious expansion plans in Europe".

"The Dublin and Lisbon acquisitions are a great testament of our group's capability to create attractive real estate value alongside profitable expansion opportunities for the brand."

Kula has described its hotels as "an alternative to outdated aparthotels and serviced apartments and the unpredictability of Airbnb stays".

The site on Little Britain Street is currently occupied by a two-storey warehouse building. Several applications to build a hotel on the site have already been granted planning permission by Dublin City Council.

> "Kula has a portfolio of 16 hotels from London to Lisbon to Sydney

Carra Shore Hotel (Dublin 7) Limited, owned by prominent Irish hospitality investors Mawash Kajani and Jalaluddin Kajani, was granted permission to build a 195-bedroom hotel on the site in 2019.

Gold Tree Group has lodged new plans with Dublin City Council to significantly alter the plans already approved for the site.

The new application by Gold Tree Group said it intended to build a hotel with fewer rooms. The planned hotel for the site, despite having only 132 rooms, would be a bigger property overall at eight storeys in height and there would be minor increases to the floorspace of each level to boost the size of bedrooms.

An Bord Pleanála delays outsourcing plans after union warns of 'discord'

BY CÓNAL THOMAS AND DONAL MacNAMEE

An Bord Pleanála has paused plans to outsource elements of its corporate governance after a trade union warned that the move would cause "serious personal discord".

Fórsa has strongly criticised the embattled planning board for its attempt to hire external advisers to provide advice to its audit and risk committee.

The union told An Bord Pleanála that its members would "not cooperate" with the plan, which it claimed was in breach of local and national agreements and had "professionally and personally offended" staff.

An Bord Pleanála has been widely criticised over recent months following a series of conflict of interest allegations made against Paul Hyde, its former deputy chair who resigned in July. Hyde denies the allegations.

Following Fórsa's threats, the board responded last week in a letter from Brid Hill, its chief executive.

In the letter, seen by the *Business Post,* Hill noted the union's opposition to the move and said that "no further action will be taken" until the matter was raised with the board once again.

In July, the planning authority moved to hire "independent, impartial advice" to support board members in future.

The contracted body would be required to provide "information and advice to board members on statutory, regulatory and governance matters and procedures, including compliance with relevant legislative provisions and code of practice requirements for the corporate governance of state bodies".

They would also assist the chair of An Bord Pleanála in ensuring relevant information is made available to the board and relevant committees.

But Fórsa said its members who work at the organisation already carry out the duties involved in the plan to outsource this work.

"This action is not acceptable to Fórsa and our members. Should An Bord Pleanála proceed with this appointment, it represents unilateral outsourcing of our members' work and this breaches both local and national guidelines," it told the board.

"Given the ongoing negative attention the organisation is receiving, I believe the insistence by the board in pursuing this unnecessary proposal will alienate the board from its staff," a union official wrote.

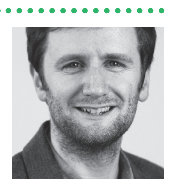
Around 80 per cent of the board's 175-strong workforce are Fórsa members, the union estimates.

It also emerged yesterday that the Office of the Planning Regulator had sent a draft report on An Bord Pleanála to the planning appeals authority and Darragh O'Brien, the Minister for Housing.

Castleview in Swords: homes typically sell in the estate for €200,000 to €350,000 Fergal Phillips

Investment fund buying up family homes at inflated prices in suburb

Mass purchasing of standard starter homes in Castleview in Swords by a property investment vehicle has caused house prices in the north Dublin estate to spiral



Killian Woods

In a quiet enclave of Swords, Co Dublin sits Castleview, a collection of around 250 family homes built in the early 2000s.

Nestled within the standard suburban estate are two rows of starter-homes which line either side of a cul-de-sac and typically sell for €200,000 to €350,000.

Earlier this year, a three-bed, end-of-terrace house on the row went for sale.

It sold for €1.7 million.

Nearby, another three-bed home in a different section of the estate sold for €850,000.

In fact, on one day in April, nine homes in Castleview were sold, each one acquired by the same investment fund.

Even though the prices for the other seven homes didn't reach the heights of €850,000 or €1.7 million, the sales were still above the typical rates. Premium prices of between €20,000 and €88,000 over the median market price were paid for the second-hand houses.

Each of the classic starter homes was bought by an entity called the Davy Platform ICAV, which is controlled by IQ EQ, a firm that manages investment assets for clients.

When the properties were bought by the Davy Platform ICAV, the fund was controlled by Davy Global Fund Management (DGFM). DGFM, which was hived off from Davy's business when Bank of Ireland agreed to acquire the stockbroker in April 2021, was sold to IQ EQ in July of this year.

Both the €1.7 million and €850,000 homes were purchased from a company called Manustin Trading V Limited, which acquired those properties in 2021 for €345,000 and €360,000 respectively.

The other seven homes in Castleview were bought from the pension fund of BAE Systems, a British weapons dealer that had bought the houses in 2021.

These sale prices were filed with the Property Services Regulatory Authority, a procedure typically carried out by the solicitor acting on behalf of the buyer.

The prices are based on information provided to the Revenue Commissioners for stamp duty calculations.

The filings for each of the Castleview sales said that "no other properties" were part of the sale, so each figure represents the price of one home. None of the houses, squeezed onto small plots of land in Castleview, is adjacent and they have no potential residual land value that might inflate the final sale price for future development.

Overall, the IQ EQ fund spent €5.3 million buying nine homes in Castleview on April 7 – which averages out at €592,000 per home. That same month, the median price in the area was €352,000.

So why are run-of-the-mill, second-hand homes worth so much more to investors than to regular people bidding on the open market? And why are they willing to pay such high amounts – amounts that ordinary home buyers couldn't justify paying and most could never afford?

The *Business Post* asked IQ EQ a series of questions about the sales that day. A spokeswoman for IQ EQ declined to comment.

A 'clean sale'

Last year, when Duncan Smith, the Labour TD, started the process of selling his home in the Castleview estate, the agents all asked the same question.

"One of the first questions was, 'would you be willing to sell to an investment fund for approximately €15,000 to €20,000 above market value?' " he told the Business Post.

They told him that selling to an investment fund would be a "clean sale" and save him some cash. There would be no need for adverts on Daft.ie or MyHome.ie, no requirement to produce a video tour of his home for virtual viewings, and no need to open up the house for potential buyers to visit.

"It was an absolute non-runner and non-starter for me," Smith said. He bought his Castleview house in 2000 as a first-time buyer and wanted to sell directly to another person who would live in the home. And that's what he did.

Last year, homes in Castleview sold for between €235,000 and €409,000. Publicly available records show Smith's home, which is just across the road from the €1.7 million unit, was sold for €337,000.

Over the past two years, it was simply word of mouth among Castleview's residents that investment funds were acquiring homes in the estate.

Smith said he began to spot tell-tale signs that a house had been bought by an institutional investor.

"There were houses that had been sold that didn't hit the market, but then very quickly, you would see construction companies renovating the house," he said.

Smith added that these investment funds were able to continue operating during the pandemic, during which limitations were placed on house viewings.

"They didn't have to view houses as such. They didn't have to walk them, they weren't going to be living in them. They were able to just go in, pay above the odds and get them into their stock."

Records reviewed by the Business Post show the rumours spreading via word of mouth were true. Since the start of this year alone, IQ EQ-controlled investment funds have bought 15 homes in Castleview. Another investment fund called Vestry has also bought several homes in the Swords estate in the past two years.

Estate agents who operate in the Swords area, speaking to the Business Post on background, said it is common industry knowledge that investment funds are interested in buying homes in Castleview specifically.

They added that there can be some errors logged on the Residential Property Price Register, but the prices paid by investment funds for homes in Castleview "could make sense".

Two agents said the €850,000 price paid "is plausible" if the home was being leased by Fingal County Council for use as social housing.

Due to a desperate need to secure units for social housing in recent years, local authorities can lease homes from property investors for between ten and 25-year periods at 80 per cent of market rent.

Investment funds essentially view these deals as buying 25 years worth of income from the Irish state and they typically look for an annual yield of 4 per cent from each property, guaranteeing profit.

Right now, the market rent for a three-bed house in the Swords area is roughly €2,500, which means Fingal County Council would pay €2,000 a year, 80 per cent of market rate, for 25 years to lease that home for social housing.

Based on €2,000 in monthly rent over 25 years, that means a three-bed property in Castleview is worth at least €600,000 to an investment fund because investment managers can see the guaranteed, long-term returns.

The yield calculation does not explain how one of the Castleview properties could be worth €1.7 million, but if a property was rented for €2,500 a month, it could conceivably be worth €750,000 to €850,000 to an investment fund.

A spokesman for Fingal County Council confirmed it has leased 18 properties in the Castleview estate for social housing purposes.

The practice has become increasingly widespread and one local estate agent said that Fingal County Council has circulated a list of housing estates that it will not lease any more homes in because it is concerned about the level of social housing in them already.

Smith said the way investment funds look at the market is squeezing out owner-occupier buyers.

First-time buyers, or single buyers, would require an income of more than €95,000 to buy the median price of €370,000 that IQ EQ paid for Castleview homes.

"I lived there for about 13 years and it's a great estate for young people, young families. Over the last two and three years, as house prices seem to have been going up and up, Castleview and a couple of other estates in Swords would have been seen as retaining some kind of affordability," Smith said.

"It was always an attractive option for people. It's close to schools, close to the community centre, close to Applewood village, close to bus services both public and private. So a very attractive estate with large green spaces close to the park. It's a very attractive place for young families and has a great vibrancy to it. But that same attraction seems to work for these investment funds, which seem to be putting the profit value on them."

> On one day in April, nine homes in Castleview were sold, each one acquired by the same investment fund

Duncan Smith: the Labour TD was asked by estate agents if he was willing to sell his house to an investment fund for approximately €15,000 to €20,000 above market value Fergal Phillips

Social housing

There is consensus between government and opposition that this practice of leasing homes for social housing should not be state policy.

Taoiseach Micheál Martin has said the government is committed to phasing out this practice by 2025. Despite this commitment, in July the state launched a new €450 million fund to lease 1,000 new-build homes from investment funds as the state is desperate to boost its social housing stock.

Smith said he has picked up "great frustration" from the local authorities who are being asked to seek out these deals with investment funds to lease homes.

"They're under pressure from the Department of Housing to source properties. They're having money thrown at them and they're trying to source properties in a restricted market. They have very little option but to go for these institutional investors many times because they are so prevalent in the market, at least in north Co Dublin," he said.

He added that years of under-delivery of social housing has led to this point where the state has become reliant on [investment] funds to provide accommodation in this manner.

"The problem is this isn't a short-term measure or indeed a solution. We are institutionalising institutional investors in our public housing system and that is not good value for money," he said.

"These institutional investors are not in housing for the public good, not in it to provide social or public housing, they're in it to make a profit. They've done the calculation, they know they're going to make an awful lot of money and the state will be funding 100 per cent of that investment and maximising the profits. That is wrong."

Smith opted not to sell his home to an investment fund, but he said he can understand why some people would find doing a deal with an investor tough to turn down.

"If you're asking someone who may have bought their property at the height of the Celtic Tiger and saw through negative equity and managed to get this far, they're probably thinking, 'Well, I'm gonna get an extra €20,000 and I'll save on extra sale costs and all the rest. I'll snap your hand off for that.' You can kind of understand that, but it wasn't something for me."

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Investors shelled out almost €1bn on second-hand Irish homes in 2021

Institutional investors and real estate firms snapped up one in ten second-hand homes in this country, amounting to more than 4,500 properties

BY KILLIAN WOODS

Property investors spent nearly €1 billion buying second-hand homes in Ireland last year.

Institutional investors and real estate firms bought one in ten second-hand homes, more than 4,500 properties, in a section of the market typically targeted by first-time buyers because property prices can be cheaper than for new-builds.

The sales details were outlined in a memo prepared for Paschal Donohoe, the Minister for Finance, as part of the government's efforts to determine how significant the activity of private investors is in the second-hand housing market.

The government attempted to clamp down on investment funds' activity in the open residential market last year following revelations that institutional investors were outbidding first-time buyers.

In an attempt to discourage property investors from bulk-purchasing houses, a new stamp duty rate of 10 per cent was introduced in May 2021 for any fund that bought more than ten houses in a 12-month period. The higher stamp duty rate did not apply to funds bulk purchasing apartments.

Last year, Micheál Martin said the levy on investment funds would mean the entities "could not compete with first-time buyers".

New analysis of property investor activity in Ireland, included in a memo sent to Donohoe in June and released to the *Business Post* under freedom of information rules, provided a detailed overview of purchases by non-householders. The non-household category includes private companies, charitable organisations and the state.

The memo, prepared by the Department of Finance economic unit, sectioned off instances of the Irish state buying homes for social housing and gave a specific overview of property investor activity in the Irish market.

The analysis was based on Central Statistics Office data that showed 43,950 second-hand homes were sold last year.

It found that the state, local authorities, approved housing bodies and public institutions bought 879, or 2 per cent, of every existing unit sold including new-builds. The CSO data showed charitable organisations were connected to 495 purchases of existing homes.

The data showed 10 per cent of the 43,950 second-hand homes sold in 2021 were acquired by the rest of the non-household purchasers, which includes real estate firms and the finance and insurance sector. The latter sector specifically purchased 2,059, or 5 per cent of all existing units purchased. No figure was provided for real estate firms.

In total, purchases by non-households were €1.2 billion in 2021. When the state's own €217 million spend on existing homes is subtracted, the rest of the non-household sector spend on second-hand homes was nearly €1 billion.

Senior Department of Finance officials added that investment funds and real estate companies were also involved in intra-trading of Irish homes. "In other words, investment funds and real estate companies buy and sell to each other to a significant degree," the document said.

It said non-household sector entities traded €2.3 billion worth of property between themselves in 2021. Some of this activity would correspond to private companies and the state buying homes from construction companies since construction firms are also categorised as non-household entities.

Last year, non-household entities spent a total of €3.5 billion to acquire 11,600 new and existing homes, which represented 20 per cent of total homes purchased – down from 22 per cent in 2020 and 2019.

The state spent €807 million on new-build homes and €217 million on existing stock. The state, which acquired homes for use as social housing, bought the largest single share within the non-household category. State entities acquired 3,721 units, which was 32 per cent of purchases by non-households and 6 per cent of all units sold in 2021.

Speaking points prepared for Donohoe in relation to the document said a key conclusion from the analysis was that the state, not property investors, was the most active non-household purchaser.

The prepared comments said capital from all sources, public and private, was needed to "urgently" build homes and that €10 billion would be required annually to ensure enough homes are built.

"We will be ambitious in attracting this capital and will not apologise for welcoming the necessary capital to provide much needed homes for families at all levels of the market," the final speaking point said.

Bono: lobbied Irish government for Global Fund Getty

Ireland ups contribution to Global Fund after Bono tells Martin to 'go big'

The U2 frontman wrote to the Taoiseach urging Ireland to double funding for international fight against major diseases

BY CÓNAL THOMAS

Bono called on Micheál Martin to "go big" and "dig deep" just weeks before the government increased Ireland's foreign aid contributions by €15 million.

In a letter sent last month, the U2 frontman called on the Taoiseach to double Ireland's €50 million commitment to the Global Fund to Fight Aids, Tuberculosis and Malaria.

Bono wrote that if Martin could commit to the €100 million, "we'll be the wind at your back".

"Let me start by saying how proud I am, how proud the band is, to come from a nation that has shown such solidarity and support for Ukraine. To show this support by visiting President Zelensky while the country is being dismembered, or at the very least dismantled in front of our eyes," he wrote.

"To show this support while facing into one of the harshest economic climates we have seen for decades. Well, it gives me renewed faith in our position as leaders in the 21st century.

"I can't begin to know all of the pressures you are facing from a budgetary perspective, with increasing energy prices, and the cost of living across the board, our ongoing housing crisis, and all of the competing priorities being brought to your desk on a daily basis. Indeed, I am sure that your incredible team has already placed the Global Fund in front of you. Which is why I'm writing to you today."

Bono went on to outline recent setbacks at the fund arising from the Covid-19 pandemic, and said that increasing Ireland's contribution was crucial.

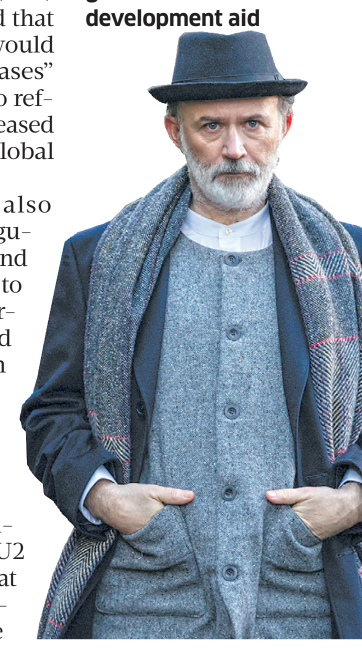
Supporters of the fund since its establishment in 2002 have included tycoon Bill Gates, actor Morgan Freeman and singer Annie Lennox. Ireland's contribution to global aid funding and overseas development made headlines last week following criticism from comedian Tommy Tiernan.

Responding to Tiernan's criticism of the Irish government's contribution to overseas development aid, Simon Coveney said its commitment of 0.7 per cent of gross national income (GNI) remained in place, and that next week's budget would see "significant increases" in overseas aid. He also referenced Ireland's increased contribution to the Global Fund.

The Taoiseach also weighed in on the argument, saying that Ireland was "very committed to changing the structural issues around food poverty" after Tiernan said the government's overseas development aid contribution "was not enough money, and they know it's not".

Writing to the Taoiseach last month, the U2 frontman told Martin that the Global Fund in particular had "saved the lives of 44 million sentient souls" and that US president Joe Biden had already "thrown his weight" behind it by pledging $6 billion.

Tommy Tiernan: criticised government over development aid



Ending the letter by sending "blessings to you, Mary, and the kids", the singer signed off "With great respect, Bono".

Bono has been an advocate for the Global Fund, and also founded the One Campaign and RED initiatives to lobby for greater contributions from governments and businesses to eradicate poverty and disease.

The Global Fund is currently seeking to raise $18 billion for the next three years.

The Department of Foreign Affairs confirmed that Ireland, which holds a board seat on the Global Fund until next year, would increase its contribution by 15 per cent to €65 million over three years. A spokesman said this was in line with the 30 per cent increase sought by the fund.

Homecare providers threaten legal action over new tender process

Home and Community Care Ireland (HCCI) claims that the HSE is not providing enough detail on care plans and is potentially 'in contravention of the law' on zero-hour contracts

BY AARON ROGAN

Homecare providers have threatened the HSE with legal action over what they claim is a lack of clarity in a new tender for services.

Home and Community Care Ireland (HCCI), which represents private providers employing 10,000 carers across the country, wrote to the HSE and Department of Health last week highlighting a number of concerns it had with the tender to provide services in 2023.

Joseph Musgrave, the chief executive of HCCI, accused the HSE of being "disingenuous" over its ability to address legacy pay rates, creating a "dangerous situation" by not providing enough detail on care plans, and potentially being "in contravention of the law" on zero-hour contracts.

Musgrave said that, while the HCCI and HSE has a good working relationship, he was extremely disappointed at the lack of consultation ahead of the current tender being issued.

"It is surprising that a number of matters which are of key concern to the sector have not been explored in a proper market sounding process. This does not bode well for the successful conclusion of the tender process or indeed the successful rollout of future services," Musgrave wrote.

Detailing a number of concerns with the tender process, he wrote that the HSE's decision to delay providing clarity on a number of key issues "is very surprising given that, as a matter of EU law, there is a requirement for transparency from the outset of any tender process".

He went on to raise issue with the fact that homecare workers are not paid for contracted hours if their clients are admitted to hospital or go on holiday, which Musgrave said effectively leads to the creation of zero-hour contracts that are prohibited in Ireland except in certain short-term and casual arrangements.

Joseph Musgrave, the chief executive of HCCI

Musgrave also said that homecare providers are often required to develop care plans for their clients without being paid for that work and that this could lead to a situation where providers could fail Hiqa audits.

On the tender, Musgrave said there was a "clear lack of transparency around material aspects" and that providers who made commitments at the first stage may not be able to follow through at the second stage.

"In the event that these concerns are not addressed during the tender process, the HCCI will consider all options including the option for legal redress," Musgrave wrote.

A HSE spokeswoman said it had responded to over 140 requests for clarification on the tender process to date.

"All interested parties have been clearly advised of the options being considered in a transparent manner," the spokeswoman said.

"The tender process is live and is being conducted in full compliance with EU Public Procurement Regulations. As is normal and to ensure all participants are treated in a fair and transparent manner, third party communications are restricted in accordance with the conditions set out in the tender."

Funds told that council will not lease more homes in 33 north Dublin estates

Estate agents and property investors informed that 33 estates in north Dublin are 'socially satisfied' and therefore not eligible for further social housing

BY KILLIAN WOODS

Estate agents and property investment funds have been advised that certain housing estates in north Dublin will not be considered for further social home leases due to the high concentration already found in the developments.

Fingal County Council issued a document last year which said that 33 private estates were deemed to be "areas socially satisfied" due to the high number of state-supported tenancies in place, and so would not be considered for future social housing leases.

The *Business Post* has reported previously that property investment funds spent close to €1 billion buying second-hand homes in 2021, with many acquired with the intention of being leased to local authorities for use as social housing.

The list of estates shared by Fingal County Council with agents in August 2021, and seen by this newspaper, include developments in Malahide, Portmarnock, Swords, Skerries, Santry and Kinsealy.

The private estates have a high number of state-supported tenancies through the long-term leasing scheme, the rental accommodation scheme (RAS) and the housing assistance payment (HAP).

Property owners who lease homes to the council for 20 to 30 years can secure guaranteed lease payments at 80 per cent of the market rate, with the homes also managed by the council.

> **Fingal County Council said the long-term leasing scheme was now being phased out, as per government housing policy**

A spokesman for Fingal County Council said the long-term leasing scheme was now being phased out, as per government housing policy. "As a result, Fingal ceased accepting new leasing proposals under this scheme in September 2021," the spokesman said.

When asked if the Department of Housing had set any limits or thresholds for how many units in a private estate could be leased for social housing, the spokesman said the council "takes cognisance of relevant government guidance in providing social housing that supports the development of sustainable communities".

This newspaper asked the other three local authorities in Dublin if they also maintained a list of "areas socially satisfied".

A spokeswoman for South Dublin County Council said: "The council assesses all opportunities for additional social housing on a case-by-case basis, having regard to the existing social housing accommodation and supports provided, as well as the prevailing social housing demand for accommodation in the area."

Dublin City Council and Dún Laoghaire-Rathdown County Council said they did not maintain a list similar to the "areas socially satisfied" document.

O'Brien open to 'all options' on eviction ban over winter

The Minister for Housing says he still has concerns about the possible impact of a veto on property rights 'which are constitutionally protected'

BY DANIEL MURRAY

Darragh O'Brien, Minister for Housing: 'It is important anything we do is not open to challenge and not infringing on property rights' PA

The Minister for Housing is keeping "all options under consideration" as he consults with the Attorney General about a possible ban on evictions this winter.

Darragh O'Brien was speaking to the *Business Post* at the Association of Chief Executives of State Agencies Conference in Limerick last week as it emerged that the government was considering implementing a ban on evictions over the winter period.

The opposition has been calling for such a ban for many months, but the government has to date resisted such calls, arguing that it would be unconstitutional.

Last Thursday, the Irish Examiner reported that a group of O'Brien's Fianna Fáil colleagues, led by Paul McAuliffe, had broken ranks and said it was now necessary to implement an eviction ban over the winter.

O'Brien confirmed to the Business Post that the ban was now on the table, but said he still had concerns about its possible impact.

"I'm keeping all options under consideration with what we can do legally. It is important anything we do is not open to challenge and not infringing on property rights," O'Brien said.

The minister said he had already made changes to protect tenants, such as an approval for local authorities to purchase homes with Housing Assistance Payment tenants in situ where a notice to quit has been issued.

"I am acutely aware of protecting not only tenants' rights but property rights too, which are constitutionally protected. I need to make sure any measures I bring forward won't have unintended consequences that affect the general supply in the rental sector," he said.

However, O'Brien signalled that any possible ban would only be considered in the short term, to avoid longer-term consequences.

"Some people have called for a three-year rent freeze and a three-year eviction ban. Honestly, that in itself could have real detrimental impact on a shrunken sector already. We could lose more landlords and make the situation worse," he said.

Last week, Savills, the property advisers, produced a report saying that the residential housing targets set out in the National Planning Framework (NPF) were "flawed", that there was insufficient land being zoned for residential use in Dublin in particular, and that the housing targets in the NPF should be seen as a minimum, not a maximum.

O'Brien confirmed that a review of the NPF was underway to see if more residential land needed to be zoned.

"What I am looking at specifically is making sure we have enough land zoned to deliver the housing we need. I have told every local authority in the country that I don't want any zoned serviced land de-zoned," he said.

"The basis of the National Planning Framework figures that we used in 2016 have been questioned before in relation to our population targets. We are reviewing that now based on the new census data."

The government's Housing For All plan's targets of an average of 33,000 new homes a year up to 2030 were also based on assumptions in the NPF. Multiple bodies including Social Justice Ireland have criticised the targets, saying they aren't sufficient to meet the actual projected demand for homes.

Asked if the review of the NPF could result in an upward revision of the Housing For All targets as well, O'Brien suggested for the first time that the targets set out in the government's plan were minimum targets, and they needed to be exceeded.

"The Housing For All targets that we have set are about building up our scale and our capacity. This year we will do about 27,000 homes, we will do more next year and we want to get up to an average of 33,000. That is a baseline target. We need to exceed that," he said.

"We know the demand is there. We have had 12 years of undersupply in housing and frankly we are catching up. You can't just go from building 20,000 homes to 40,000 homes in one year. You have to build capacity. We want to exceed the targets we have set."

Last weekend, the Business Post reported how an investment fund had bought nine different starter homes in an estate in Swords in north Co Dublin on the same day. The price paid for one home in the Castleview estate was €1.7 million, while others attracted premiums of between €20,000 and €88,000 over the median market price.

"It was one fund selling to another. That property was an existing property. The estate has been there for quite some time.

"It is a commercial transaction from one fund to another. I understand when people read the headline the concern people may have, but we have made very significant changes since last year," O'Brien said in response to the story.

"For new homes that are built I have put in planning conditions in law for the first time ever to make sure homes cannot be sold on a bulk basis. [The Department of] Finance also brought in an additional levy. If further changes are needed they will be made."

Developer warns house price drop would make new-builds 'unviable'

BY KILLIAN WOODS

Any fall in the price of new-build homes will make their construction unviable, one of the biggest developers in Ireland has warned.

Michael Kelleher, group operations director at O'Flynn Group, said any decline in new home prices would have a drastic effect on the delivery of housing in Ireland.

"The reality is that [new-build homes] are at an economic price. If there was a sense that they were to drop they wouldn't be built, because they're not economically viable. They're just at margin at the minute, with all the cost increases, so now the purchaser, unfortunately, has to pay more for the mortgage," Kelleher told the Construction Industry Federation's annual conference in Dublin last week.

At the event, Kelleher and other residential development professionals cited government policy that encouraged apartment development as a root cause of the swathes of approved residential planning permissions that are unviable.

Kelleher estimated that 40 per cent of planned homes in Ireland are not viable because they are unsellable apartment schemes.

"What we're seeing now is 40 per cent of what's planned for in the system, in the planning developments, will not be built because it's not viable," he said. "We need to look at other ways, new housing typologies, that will still get quality homes, but actually do it in a different way. We have to deal with house typology because apartments are too expensive. They'll be built in certain places, but not everywhere."

> **We have to deal with house typology because apartments are too expensive. They'll be built in certain places, but not everywhere**

Since 2016, a raft of changes to apartment planning guidelines have been introduced by government, including amendments to laws allowing for smaller units, greater density development for build-to-rent investors, and the removal of height caps. The guidelines also generally require densities in the range of 35 to 50 dwellings per hectare.

"The average price of an apartment is probably up around €450,000 now, so for developers to sell that, it's €550,000," Kelleher said. "How is that a first-time buyers' home unless there's a large subvention of housing policy coming into the market?"

Fiona Cormican, new business director at Clúid Housing, the social housing body which is one of the biggest developers of housing in Ireland, said planning authorities didn't consider the economics of actually delivering housing when approving permission.

"Building apartments or insisting on apartments in schemes that are outside the city don't work," Cormican said. "The only people who are buying them are us because we have a need for them."

Last week, the Economic and Social Research Institute (ESRI) said houses in Ireland were overvalued by at least 7 per cent, and predicted that the market would see a sharp slowdown in the coming months.

Kieran McQuinn, research professor at ESRI said a slowdown "doesn't necessarily mean that house prices are going to fall" and it was too early to predict whether we would see falls in house prices.

Irish Water blames delays on faulty planning system

BY KILLIAN WOODS

Irish Water's "minor projects" will take twice as long to complete due to planning system delays, according to Niall Gleeson, the semi-state's chief executive. "We're saying five to seven years even on relatively minor projects for delivery. We should be saying two to three years," he said.

The organisation has been criticised by commercial and residential property developers for causing delays to projects due to its inability to deliver connections in a timely manner.

In August, the group behind the project to develop the Glass Bottle site in Dublin, which includes Ronan Group and Lioncor, the US developer, said the delivery of thousands of homes on the site, including most of the 3,800 apartments, are at risk due to undefined timelines for water infrastructure.

Gleeson, who was speaking at the Construction Industry Federation Conference in Croke Park last week, said judicial reviews of some Irish Water projects had delayed the organisation's progress.

"The Greater Dublin Drainage project, which we will need in Dublin towards the end of this decade to allow growth or continued growth, we went for original planning in 2018. We got planning permission in 2019, but it went for judicial review. That took about 18 months, and [then it was] back with An Bord Pleanála for another 12 to 18 months," he said.

"Now we realise we may have to do some more studies to go for another application. We don't think we will get planning [approval] until about 2025 or 2026. That's seven or eight years to get a project to planning that we can build. We can't deliver the National Development Plan (NDP) if that planning process continues."

Niall Gleeson, chief executive, Irish Water

Last year, the government approved a comprehensive review of Irish planning legislation which is being overseen by the Attorney General. Michael McGrath, the Minister for Public Expenditure and Reform, said the review will be completed in the coming weeks.

Members of government have suggested that the ability of members of the public to seek judicial reviews of planning decisions should be curtailed. But Gleeson said he doesn't think "raising the bar for access to complaints or to challenge" would work.

"We could go faster. The timelines are too long. I'm not being critical of my colleagues in An Bord Pleanála but I think we just need to put more resources at this," he said.

"The judicial review process needs to be looked at as well. I think we need to speed that up and get through those issues more quickly. We need some very critical projects to work their way through the system to allow us to deliver according to the NDP."

Fingal planned to lease more homes from arms firm's pension fund

Last-minute move by Department of Housing stalled local authority from further involvement with weapons firm BAE Systems and its pension fund

BY KILLIAN WOODS

Fingal County Council planned to lease an additional 70 homes from the pension fund of BAE Systems, a British weapons dealer, until a last-minute intervention by the Department of Housing.

Last year, the *Business Post* revealed that the local authority had signed deals in 2021 to lease more than two dozen homes from the fund to use as social housing, despite state guidelines banning deals with arms makers.

New records obtained by this newspaper under Freedom of Information laws show that Fingal County Council had a further 70 leases in the pipeline that were connected to BAE Systems and its pension fund.

The detail was included in internal email correspondence sent by the council's housing unit to top executives at Fingal County Council after it was contacted by the Department of Housing.

The email, sent on November 17, 2021 by the Department of Housing, requested to speak to senior executives at the council "in relation to an urgent issue that has arisen with regard to some units being leased by Fingal CoCo".

Details were then shared with Fingal County Council's senior management about its arrangements with BAE Systems and its pension fund.

The memo said that the local authority had 13 leases with the company valid since October 1, 2021. It added that BAE Systems had also acquired 11 other properties already being leased by the council, while a further 70 were in the pipeline.

Last year, a spokesman for Fingal County Council said it had become aware that the BAE Systems pension fund was linked to a company involved in weapons manufacturing in November 2021 and "immediately moved to rectify the situation".

Property ownership logs show the homes that were owned by BAE Systems and leased to the council were sold on to a fund controlled by Davy called the Davy Platform ICAV in April 2022. That fund is now owned by IQ EQ Fund Management (Ireland) Limited after it completed its takeover of Davy Global Fund Management in July 2022.

> **New records obtained under Freedom of Information laws show that Fingal County Council had a further 70 leases in the pipeline**

BAE Systems sold the portfolio of 43 homes in north Dublin to the Davy Platform ICAV for a 15 per cent profit less than a year after purchasing them. BAE Systems spent €14.4 million acquiring the second-hand properties in 2021 and sold them on in April 2022 for €16.8 million, making a profit of €2.4 million.

BAE Systems, which is led by chairman Sir Roger Carr and chief executive Charles Woodburn, develops fighter jets, guns, artillery and tanks. It recorded revenues of £19.52 billion in 2021.

In 2019, the company was accused of "aiding and abetting" crimes related to the conflict in Yemen. The claim was made in a complaint to the International Criminal Court by the European Centre for Constitutional and Human Rights.

The firm was cited in the complaint because it provides fighter jet aircraft to the Royal Saudi Air Force. The complaint said BAE Systems "purposely intended" to supply the Saudis with arms, and that after the conflict in Yemen began, company bosses would have become aware of "the abundance of reporting on the violations being committed".

BAE Systems has previously defended its sales to Saudi Arabia. It said it is a defence company that complies with UK arms export regulations.

Tim O'Connell, head of aviation advisory, Grant Thornton Ireland Maura Hickey

Sky is the limit for Grant Thornton after aviation deal

BY LORCAN ALLEN

Grant Thornton has made its first-ever move into the aviation leasing sector, with its Irish arm signing a multimillion-euro deal to manage a fleet of almost 300 aircraft.

Under the terms of the deal with Castlelake, the US alternative investment firm, Grant Thornton will manage the portfolio of narrowbody and widebody aircraft assets that are leased to airlines all over the world.

Tim O'Connell, aviation partner in Grant Thornton, said the deal was a first for a professional services firm anywhere in the world.

"We think this deal is really significant. First, it will bring in recurring revenue for the firm. Second, and more importantly, it will help us win a lot of other work. If we're trying to win work on a new pricing model or an acquisition that needs real expertise in aircraft leasing, the fact that we can say we're managing nearly 300 assets on a day-to-day basis is a major credential to have," O'Connell told the *Business Post.*

"If there was an option to outsource the asset management of aircraft ten years ago, I believe most aircraft leasing companies would already have done this.

"We think there is significant potential here, I think we're only scratching the surface.

"We're already in discussions with a couple of other aircraft lessors about similar asset management arrangements."

O'Connell said Grant Thornton Ireland, under the direction of Mick McAteer and Steve Tennant, the firm's head of financial services, had grown its aviation advisory service over the last five years.

O'Connell said the sector had shown a lot of resilience in recent years.

"We've had two Black Swan events hit the industry in the space of two years.

"The Covid-19 pandemic was enormously difficult for airlines and then the Russian situation wiped out €10 billion of aircraft assets, with up to €4.5 billion of those assets based out of Ireland," he said.

"When forecasts were being done in 2020 about when the industry would recover, the most optimistic scenario was for a full recovery in 2023.

"And we're not far off that now. I do expect the portion of leased aircraft in the overall market will grow further in the years ahead.

"The share of planes that are leased instead of owned by airlines recently tipped north of 50 per cent.

"There will always be airlines that prefer to own aircraft assets, but I think we'll see the trend to aircraft leasing will get to a 60 per cent share and taper off."

Castlelake manages around $20 billion in assets on behalf of investors across real estate, infrastructure, renewable energy, aviation and specialised finance investments.

Goodbody appointed as broker for Ryanair shares

Goodbody, the Dublin-based stockbroking firm, has been appointed as a corporate broker for Ryanair shares for the first time.

An update on the Ryanair website at the end of last week confirmed that the firm would now act as a corporate broker of the airline's shares alongside Davy and Citigroup.

Aviation has long been a strength of Goodbody, which advised on the initial public offering of Aer Lingus in 2006 and on IAG's acquisition of Aer Lingus in 2015. More recently the firm has advised on two share sales conducted by Wizzair, the Hungarian low-cost airline, in 2018 and 2021.

Goodbody's appointment means the Dublin firm's clients have a combined stock market value of around €76 billion and account for 56 per cent of the entire Irish stock market, a milestone for the firm.

Goodbody was acquired by AIB in March 2021 as part of a €138 million deal. The firm was previously owned by Fexco, the Kerry-based financial services company that manages assets of up to €8 billion and employs 300 people.

Google staff secure the right to set up EU-wide workers' council in Ireland

BY DONAL MACNAMEE

Google workers have won the right to set up a new Europe-wide council to engage directly with management over decisions such as job cuts and it will be located in Dublin, the *Business Post* has learned.

The company last week finalised an agreement with workers to establish a European works council (EWC), which is not a union but an internal group that gives workers the right to be consulted by management over "transnational" issues like mergers and acquisitions or job cuts, an internal document shows.

It comes as growing numbers of Big Tech workers are organising in response to the first significant wave of redundancies in the sector.

David Sneddon, a co-site lead at Google in Dublin, signed off on the plan last week to allow for the establishment of an EWC at the company, which will be formed in the next six months.

Under the agreement, the council will be registered under Irish law, which means that if there is a dispute between the company and the council across Google's European operations, it will have to be dealt with in this country.

The move will give staff across the company's European operation – consisting of up to 35 offices – far greater access to information about the company's plans, and they will be entitled to meet with management in advance of any major decisions such as layoffs.

It comes in the aftermath of Google's announcement that it will cut 12,000 jobs worldwide, including 240 at its Irish operation. However, the agreement is the outcome of three years of negotiations and is not linked to the recent layoffs.

EWCs were created by the European Commission almost 30 years ago to bring together employees from two or more member states to deal with central management on transnational issues affecting their jobs and conditions.

The councils have the right to be informed and consulted on transnational decisions, but management is not legally obliged to act on their opinions.

Google's EWC representatives will be able to hold annual meetings with management after the publication of its financial results, and will have to be informed in writing if the company is planning a merger or acquisition, collective redundancies or a closure of some of its offices. Google declined to comment when contacted.

If a company has more than 1,000 employees, it is obliged under law to allow the creation of these councils if enough employees in at least two countries file a written request. In the case of Google, the establishment of an EWC came after a group of 153 employees from 11 offices wrote to the company's management requesting one.

It took Google three years to set up the EWC Anadolu

Under EU regulations, companies have up to three years to negotiate with employees over the makeup of an EWC before its establishment. This means that the process of setting one up can be arduous, and in the case of Google it took the full three years.

EWC's are different from unions in that they do not have collective bargaining rights. The councils often only have one representative from each country, but these representatives have the right to inform all staff at a company of certain information they receive from management.

Before Brexit, the UK was a common location for EWCs at major multinational companies, Dr Jonathan Lavelle, a senior lecturer at the University of Limerick, told the Oireachtas enterprise committee last month.

An increasing number of councils have been located in Ireland since Brexit, which could present challenges in industrial relations.

"A key limitation of the legislation transposing the EU directive on EWCs in Ireland into law is that the normal industrial relations dispute resolution machinery in Ireland, the Workplace Relations Commission, WRC, and the Labour Court, do not apply," Lavelle said.

Varadkar: Data watchdog's probe into TikTok could lead to app being banned from government devices

BY DONAL MACNAMEE

The future of TikTok on official Irish government devices is likely to be determined by the outcome of an investigation into the company by the data watchdog, Taoiseach Leo Varadkar has said.

The Irish government has not moved to ban the Chinese-owned app from official devices, despite concerns that have prompted authorities across Europe and North America to limit access over recent months.

Britain, Canada, the European Commission and several EU countries have implemented significant limits on the use of TikTok on official devices due to concerns it could be used to gather data on its users on behalf of the Chinese government.

The Data Protection Commission (DPC) is currently conducting an inquiry into how the company stores data and whether there is any possibility that EU users' data could be transferred to China.

Colm Markey, the Fine Gael MEP, wrote to Varadkar earlier this month calling for a ban on TikTok on government devices.

Markey said Varadkar had responded by telling him it was "prudent and appropriate" to wait for the results of this investigation before considering what actions to take.

Varadkar told Markey that he was very conscious of the concerns around TikTok and ByteDance, its Chinese-based parent company, and that the government took seriously the suggestion that individuals' communications or mobile phone use would be unlawfully compromised.

He also said the National Cyber Security Centre, which is responsible for advising the government on the security of mobile devices, was keeping its guidance on TikTok under review.

Graham Doyle, deputy commissioner at the DPC, told the *Business Post* the body's inquiry into TikTok was at a "very advanced" stage but declined to comment further.

Markey said he understood that Varadkar was conscious of the concerns relating to TikTok and that he appreciated that the government was waiting on the outcome of the DPC's investigation before making a decision.

"However, I remain of the view that we should err on the side of caution and ban the app from government devices until we have proper reassurances that data is safe," he told this newspaper.

The company has insisted it would never share data with the Chinese government and said it operated independently from ByteDance. Last week, Shou Zi Chew, its chief executive, denied claims that the app was a risk to the security of western governments.

"Let me state this unequivocally: ByteDance is not an agent of China or any other country," he said.

TikTok has been heavily lobbying Irish politicians over recent weeks in an attempt to convince them that users' data is safe from Beijing's surveillance.

Last week, it invited four Irish politicians to visit a new centre of transparency and accountability it has opened up in Dublin and gave them the opportunity to play the role of a TikTok content moderator.

Patrick Costello, the Green Party TD, and Gary Gannon, the Social Democrat TD, visited the newly opened centre along with Malcolm Byrne, the Fianna Fáil senator, and Barry Ward, the Fine Gael senator.

During the visit, TikTok staff spoke about Ireland's role in its plan to show how European users' data will be kept isolated from China and inaccessible to the Chinese state.

The company then outlined its position on content moderation and told the attendees about the two data centres it was building here to store European users' data.

Solar 21 investor meeting slated by brokers as 'stalling exercise'

Dublin-based renewable energy firm did not reveal the level of return that its 3,000 Irish backers could receive, or say when they could expect to be repaid

BY CATHERINE SANZ

A meeting held to provide an update for 3,000 Irish investors who had placed over €250 million in a renewable energy firm has been criticised by brokers for failing to furnish answers.

Solar 21, which has been delayed in repaying its investors, hosted a virtual meeting with almost 200 brokers late last week.

The meeting was billed as one which would provide "as comprehensive an update as possible", but it did not take any questions from attendees, or address how much return investors could expect or when they would be repaid.

One broker who attended the meeting said he was extremely frustrated. He said it seemed like a "stalling exercise".

Another said the update was "actually worse than f**king no news" because it seemed like the company was further distancing itself from the process it had initiated to provide a return to investors.

The Dublin-based firm, which was founded by brothers Michael and Andrew Bradley, has been developing an energy-from-waste plant in Melton in East Yorkshire which it said had been delayed by Brexit and Covid-19, among other factors.

It raised €250 million from investors in Ireland for the project by way of loan notes, an unregulated product. The loan notes mature at various dates between November 2021 and October 2023.

It was announced at the meeting that John McStay, of McStay Luby Chartered Accountants, had been hired by Solar to act as a "proxy representative" of investors.

McStay said there had been a "huge amount" of work done by Solar to date to prepare plans for a disposal of "certain assets".

He said he had seen the plan and "hopefully" it would allow Solar to get to a point where it has "a period of stability".

"Obviously, the core problem is that the envisaged project didn't proceed," he said.

"And probably for that reason more than any other, there has been a lot of speculation. And probably seen through your eyes, not enough clear information and evidence as to what is happening."

McStay told brokers that he would be taking questions via an email address.

A spokesman for Solar did not respond to a list of questions.

Michael Bradley spoke briefly at the meeting to apologise "for the delay in getting to this point".

He said he anticipated sharing details of Solar's plan within weeks.