December 3, 2023

THE SUNDAY TIMES

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TK MAXX TURNS ON THE STYLE IN SALES

GETTY

Sales at the Irish arm of TK Maxx, the off-price fashion retailer, shot up 20 per cent to €240.3 million in the year to last January as it shook off the last remnants of the Covid-19 pandemic, *writes Brian Carey*.

The large jump in sales was down to the absence of the store closures that held back performance during the pandemic. Allowing for a one-off licence fee payment to its parent company, pre-tax profits rose 48 per cent to €7.8 million.

The vast bulk of the turnove, €231 million, was registered at its 27 TK Maxx stores, with its Homesense homewares stores accounting for €9 million in sales.

The retailer, whose brand ambassadors include the Irish television presenter Laura Whitmore, *right*, is owned by TJX Cos, an American quoted company, and trades in America as TJ Maxx.

The company recently announced a downbeat forecast for the holiday season in the US, as it said supply chain costs were weighing on margins. Sales were expected to trend higher, but an 18 per cent increase in costs would hurt the bottom line.

TJ Maxx was founded in 1976 in Massachusetts by Bernard Cammarata and the Zayre discount department stores. Zayre had tried but failed to buy Marshalls, before hiring Cammarata, then Marshalls' head of merchandising, to create a rival chain.

It has more than 1,000 stores in America and has outlets in Ireland, the UK, Germany, Poland, Austria and the Netherlands.

Kennedy Wilson weighs up €260m sale of Shelbourne

Americans bought the landmark Dublin hotel nine years ago for €138m

Linda Daly

The American owners of the Shelbourne hotel are mulling a sale of the property for €260 million.

The Sunday Times understands that Kennedy Wilson has appointed the commercial agent Eastdil Secured to sound out buyers for a 50 per cent share in the hotel at €130 million.

However, sources say the publicly listed Kennedy Wilson will also consider selling the entire property.

The company declined to comment last Friday. In accounts filed earlier this year it valued the hotel at €236 million.

If it achieved its asking price, Kennedy Wilson would get a substantial return on its investment in the five-star hotel. It paid $152 million (€138 million) for the St Stephen's Green property in 2014, which it acquired through distressed loan sales at a significant discount.

It went on to invest €36 million in the hotel's refurbishment between 2015 and 2017. The works were led by Guy Oliver, a feted interior architect who also redesigned the Claridge's and Connaught hotels in London.

In its latest quarterly report, Kennedy Wilson said the 265-room hotel generated increased income in 2023 due to higher occupancy and a better average room rate on the back of higher volumes of travel since the pandemic.

In the three months to the end of September, its hotel income was $16.6 million (€15.3 million), compared with $14 million in the same quarter last year. In the first nine months, the company had revenues of $42.7 million.

The average daily rate for a room stood at €426 at the end of September, up from €410 last year. The company has a management agreement with Torriam Hotel Operating Company, a subsidiary of the hotel operator Marriott, which is due to expire in 2026.

The Shelbourne is the only operating hotel that Kennedy Wilson fully owns. It co-owns Kona Village, a five-star hotel in Hawaii, which opened in July.

Founded in 1824, the Shelbourne played host to the first of several historic meetings where the country's inaugural constitution was drafted. It also billeted a host of famous guests. Grace Kelly, the actress and princess of Monaco, was a regular. Paul Newman, Elizabeth Taylor and Robert Redford also stayed. The US first lady Michelle Obama and her daughters stayed in 2013, the year before Kennedy Wilson bought the hotel.

The proposed hotel sale comes on the back of the recent sale of the Dean Hotel Group by Paddy McKillen Jr and his business partners. Last month, the UK-based Lifestyle Hospitality Capital Group, backed by Elliott Investment Management, bought a majority share of the McKillen-owned group, which comprises eight hotels, including the Clarence and the Dean in Dublin and the Glasson Lakehouse in Co Westmeath. The transaction value was €400 million.

The property website React News recently reported that Tifco, a company that owns or manages 25 hotels around Ireland, including the Hard Rock hotel and 11 Travelodges, has been put up for sale by its owner Apollo Global Management, an American private equity firm. It is valued at more than €500 million.

In November, Kennedy Wilson completed three residential developments in Dublin — Coopers Cross, the Grange and Sanford Lodge — adding 800 apartments to its Irish residential portfolio. It has 3,300 homes here so far, with another 232 apartments under construction.

Revenue deal for pandemic debtors

Jon Ihle

Revenue is offering to slash minimum down payments on warehoused Covid taxes for businesses that set up phased payment arrangements to clear their debts.

Tax officials are keen to lock debtors into the plans ahead of the May 1 deadline for starting repayments and have extended the flexible terms introduced in the pandemic to encourage them to engage with Revenue.

A Revenue spokesman said it was "aware of the challenges taxpayers may face in paying their outstanding liabilities in the difficult economic and financial climate which exists and continues to support taxpayers to work through those challenges".

Normally a company that owes money to Revenue must put up at least 25 per cent of the debt as an initial payment.

"Subject to the standard terms and conditions, payment arrangements can be activated now with a reduced down payment and monthly repayments commencing later in May 2024, thus providing certainty for businesses in terms of future cashflows," the spokesman said.

Revenue is looking to make it as easy as possible for the more than 57,000 businesses still in the warehouse to finally exit. The vast majority owe less than €5,000 each. However, a core of roughly 5,000 large debtors have nearly €1.6 billion combined in overdue taxes. While some have begun repayments, concerns remain.

"The number of restructurings we'll be dealing with in 2024 is contingent on what happens with warehousing," said Dessie Morrow, head of corporate recovery at Azets Ireland. "The litmus test will be when they have to start paying."

Davy dilemma over sharing staff bonuses

The stockbroker Davy is facing a dilemma on bonus payments for this year as the fortunes of its capital markets and wealth management businesses diverge, *writes Jon Ihle*.

The firm is believed to be deciding whether to spread the bonus pool across the entire workforce of 900 or to give the lion's share to staff in its market-leading private clients division.

Staff are expected to be informed about bonus payouts before Christmas, but employees on the loss-making capital markets side of the house are not expecting much in variable pay given the low levels of activity. However, no decision has yet been made or communicated within Davy.

"The firm has been profitable throughout 2023 and variable pay will apply as normal subject to the usual performance criteria," it said.

While weighting bonuses towards Davy's private clients staff would indeed reward this year's top performers, the firm also needs to retain key employees in capital markets for when business picks up again — and bonuses are a big factor in retention.

Davy, along with other investment banks, has struggled in recent years as stock market activity and mergers and acquisitions have dried up. CRH, Flutter and Smurfit Kappa — among the biggest companies on the Irish stock exchange — all announced moves to the New York Stock Exchange this year, taking about 50 per cent of market trading with them.

Davy trimmed 18 staff from capital markets in September and some employees fear more cuts next year.

Arnotts apartment scheme loses appeal

Oliver Hodges

Noel Smyth's Fitzwilliam Real Estate has failed in its latest bid to construct 159 build-to-rent apartments above Arnotts in Dublin's city centre.

An Bord Pleanala has backed the decision of Dublin city council in January to refuse permission on the grounds that large-scale residential schemes consisting entirely of build-to-rent units run contrary to the Dublin city development plan.

Fitzwilliam's plan, first lodged in January last year, allowed for the demolition of the top three storeys of the Arnotts car park and the construction of a two-storey unit above the store.

The council found that the plan was "visually incongruous" and of an "excessive scale".

Among the features proposed were a "dog-washing room" and a suite of amenities including a gym.

In application documents originally filed by Tom Phillips and Associates, a planning consultant, on behalf of Fitzwilliam Real Estate, it was stated that the owner possessed "air rights", permitting it to branch out over the Arnotts store.

While the scheme was under review, the group secured permission to develop a 245-bedroom "lean luxury" hotel on the site. Approval was granted in May.

Meanwhile, Esprit Investments, owned by the engineering tycoon Eric Kinsella, has applied for planning permission for a 300-bed hotel and a combination of 15 studios and apartments on Mount Street Upper in Dublin 2.