



Margaret Falsey
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2.

31st October, 2014.

Dear Ms Falsey,

Further to your letter of the 14th October, 2014. As requested, we are now reverting to the Committee on the information sought by them during the course of the meeting to examine the 2013 Annual Accounts of Shannon Free Airport Development Company.

I hereby set out the responses in appendices 1 – 6, on matters where the Committee sought further clarity.

1. A note to clarify the breakdown of grants in note 3 of the accounts to address the disproportionate difference between 2012 and 2013.
2. A note on the transfer of the liabilities under the IAS pension scheme to the Exchequer.
3. A note on the 11 properties that were sold to include value of the properties and to whom they were sold. Also, information regarding the two properties that were sold on the open market including the how they were advertised.
4. A note on the occupancy rate of both land holdings and buildings including information on square footage as well as information on the 230 buildings that remain unoccupied. The note to include information on location and length of time that these assets remain vacant or undeveloped and also the future plans for these assets.
5. A comprehensive note on the sale of units in Hospital Enterprise Centre to Munster Packaging Limited to include:
 - a. The timeline involved
 - b. To whom the units were sold
 - c. The terms of the sale and if these were correctly adhered to
 - d. If these terms have been breached what action Shannon Development are going to take

- e. The background to the sale and the steps taken before the sale in 2013 of these units to Munster Packaging Limited, specifically in respect of Shannon Development's correspondence with the sitting tenant at those units.
6. A note on the €1 million in restructuring costs to include details of the companies involved.

I trust that this additional information deals with the queries raised at the meeting.

Yours Sincerely,

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

Neil Pakey
CEO

Response to Question 1: A note to clarify the breakdown of grants in note 3 of the accounts to address the disproportionate difference between 2012 and 2013

Grants to industries paid by Shannon Development during 2012 and 2013 are as follows:

	2013 €'000	2012 €'000
Grants to industries (note 3 &4 of 2013 accounts)	1,698	5,835
Equity investment in industries (note 33 of 2013 accounts)	250	125
Total paid to industries	1,948	5,952

- These grants were paid to Companies based in the Shannon Free Zone.
- During 2013, the activity and related staff responsible for working with Shannon Free Zone companies on grant promotion transferred to IDA Ireland and Enterprise Ireland and it was very much a transition year.
- New grant approvals of €8m were entered into in 2013 and €2.2m in 2012, indicating a strong pipeline for grant payments.
- Grant claims are demand led and can fluctuate from year to year depending on the business of the client.
- One large Shannon Based client was paid €2.9m in grants in 2012 and only submitted claims to the value of €0.5m in 2013. This accounts for €2.4m of the difference.

Reply to Question 2: A note on the transfer of liabilities under the IAS pension scheme to the Exchequer

There are no Shannon Development employees either active or deferred in the IASS pension scheme. Just to clarify regarding the Shannon Development pension scheme, paragraph 42 (2) (a) of the State Airports (Shannon Group) Act 2014 states the following:

All liabilities, duties, obligations and funding (including pension increases and Supplementary pension payments) arising by virtue of the operation of a scheme or arrangement referred to in subsection (1) and carried out immediately before the Shannon Commercial Enterprises transfer day by Shannon Development shall upon the Shannon Commercial Enterprises transfer day stand transferred to the Minister for Jobs, Enterprise and Innovation.

Schedule 31-12-13

Question 3				
Shannon Development Land & Building Sales 2013				
Closing Date	Details and Location of Sale		Sale Transaction Type	Sale Price v Valuation
Property				
1	11/02/2013	Site 6 (2.26 acres), Castleisland, Co. Kerry	By direct negotiation	Below SD valuation (sale negotiated by IDA in respect of existing tenant, price was at the IDA valuation)
2	28/03/2013	1.97 acres Raheen Business Park, Limerick	By direct negotiation	Above valuation
3	28/03/2013	1.31 acres Shannon Free Zone, Co. Clare	By direct negotiation	Above valuation
4	01/04/2013	Unit 3 Kilkee Enterprise Centre, Co. Kerry	Open market by way of Public Tender	
5	18/07/2013	Bay 109 & Site 108 Shannon Free Zone, Co. Clare	By direct negotiation	At valuation
6	16/08/2013	Large logistics building in National Technology Park (NTP), Limerick	Open market - ads in national & local press	
7	23/08/2013	Int'l Business Centre Office Units, UL at NTP, Limerick	By direct negotiation	Above valuation
8	23/08/2013	4.864 acres at NTP, Limerick	By direct negotiation	Above valuation
9	11/09/2013	Bay M1 Raheen Business Park, Limerick	By direct negotiation	Above valuation
10	13/09/2013	Site at Smithstown Shannon, Co. Clare	By direct negotiation	Above valuation
11	11/09/2013	Hospital Enterprise Centre, Co Limerick.	By direct negotiation	At valuation
We have written to each of the purchasers seeking their permission to release Sale details and to date we have not received permission from any of the parties to release transaction details.				

Question 4:

Shannon Development Property Status - October 2013

Table 1, By County in Square Feet:

County	Overall Area	Occupied	Available To Let	Vacant Demolition Required	Vacant Upgrade Required
Shannon	1,910,055	757,133	375,556	383,748	393,618
Clare (Ex Shannon)	214,270	151,861	47,853		14,556
Kerry	103,089	78,450	24,639		
Limerick	650,743	246,635	340,775		63,333
Offaly	54,697	24,788	11,936		17,973
Tipperary	62,441	32,934	27,036		2,471
Grand Total	2,995,295	1,291,801	827,795	383,748	491,951
		43%	28%	13%	16%

The high vacancy in the Shannon Free Zone reflects the high proportion of factory buildings built in the 1960's and 1970's for which there is no current market demand.

Table 2, By County by number of Buildings:

County	Total Buildings	Occupied/ Part Occupied Buildings	Vacant Available To Let	Vacant Demolition Required	Vacant Upgrade Required
Shannon	209	105	33	35	36
Clare (Ex Shannon)	54	34	18		2
Kerry	24	16	8		
Limerick	92	43	31		18
Offaly	22	12	6		4
Tipperary	12	10	1		1
Grand Total	413	220	97	35	61
		53%	23%	8%	15%

Just to clarify we gave an estimate of the 230 vacant buildings at the meeting. The actual figure is 193 , which we have given a break down of above.

Shannon Free Zone accounts for almost half of the building units in the portfolio.

Table 3, Vacant Building Profile:

	Available to Let/ Vacant	1-5 Years	6-10 Years	10+ Years	Total
Shannon	1,152,922	358,059	298,992	495,871	1,152,922
Clare (Ex Shannon)	62,409	39,782	22,627		62,409
Kerry	24,639	21,185	3,454		24,639
Limerick	404,108	177,330	51,800	174,978	404,108
Offaly	29,909	8,043	21,866		29,909
Tipperary	29,507	4,291	13,449	11,767	29,507
	-				-
Grand Total	1,703,494	608,690	412,188	682,616	1,703,494

The properties that are vacant for 10+ years are predominately old factory premises in Shannon. These buildings will be either refurbished or demolished as part of the Free Zone regeneration programme.

Question 5 – Comprehensive note on the sale of units in Hospital Enterprise Centre to Munster Packaging Limited to include:

- a. The timeline involved. (Appendix 2)
- b. To whom the units were sold. (Section 3, page 3 and 4)
- c. The terms of the sale and if these terms were correctly adhered to. (Section 5 and 6, page 4 and page 5)
- d. If these terms have been breached what action Shannon Development are going to take.
- e. The background to the sale and the steps taken before the sale in 2013 of these units to Munster Packaging Limited, specifically in respect of Shannon Developments correspondence with the sitting tenant at those units. (Section 1, 2 and 3, Pages 1, 2 and 3)

Set out below are the responses.

1. Hospital Enterprise Centre

Shannon Development owned and managed a small enterprise centre of approximately 5 acres located at Hospital, County Limerick constructed in the 1981. The Planning Permission provided for an ‘enterprise centre comprising small industrial factory buildings’. An aerial site map of Hospital Enterprise Centre is attached in **Appendix 1**.

The Hospital Enterprise Centre comprises of four properties as follows:

- Munster Packaging Limited was established in 1997 and manufactures custom designed corrugated products for industrial packaging. Munster Packaging owns the building from which it trades having acquired it by a long lease (999 years) from Shannon Development in 2004. In August 2014 Munster Packaging completed an expansion of its factory premises on lands acquired from Shannon Development. Munster Packaging employs more than 20 people. Robert Ryan established the Company and is the managing director and the principal of Munster Packaging.
- HL Commodity Foods (Manufacturing) Limited (“HL Foods”) is a dairy trading company specialising in dairy ingredients. HL Foods trades from premises which it occupies by a lease from Ballyhoura Development Limited who acquired the land from Shannon Development in 2000 and upon which Ballyhoura Development built a factory. HL Foods employs 15 to 20 people.
- Shannon Development owned the remaining property in the Enterprise Centre which comprised two small enterprise units and the common areas of the estate on a 0.9 acre plot. Each unit is 2,130 square feet in floor area and is suitable for light manufacturing or warehousing. The properties are occupied by HL Foods and primarily used for storage.

Shannon Development entered into a Licence Agreement on 18th November 2004 with HL Foods in relation to one of the units for one year. In February 2008, HL Foods began occupation of the second unit. No written agreement ever existed in relation to the occupation of the second unit. Despite requests by Shannon Development to HL Foods to sign leases in respect of both units it refused to do so. There was no written lease agreement or licence agreement

between HL Foods and Shannon Development between 2005 to the date of the sale of the units in 2013. HL Foods discharged its rent up to 2009 at which time the rent went into arrears. HL subsequently brought the rental payments up to date in 2011 on foot of an agreed settlement.

2. Background to the Sale

In 2006 HL Foods sought to acquire the two units. An indicative price was provided to HL Foods however, HL Foods did not proceed with the purchase.

In June 2006 Robert Ryan the Managing Director of Munster Packaging wrote to Shannon Development enquiring about the purchase of land at Hospital Enterprise Centre for the purposes of expanding its businesses. The sale did not proceed on that occasion.

In June 2008, Robert Ryan approached Shannon Development about the purchase of the site adjacent to Munster Packaging's existing factory. The 1.6 acre site adjoined but was not part of the developed Enterprise Centre. The purchase did not proceed at that time.

In 2008, HL Foods enquired from Shannon Development about the purchase of both units. An Independent valuation was obtained for the proposed sale in 2008; however HL Foods declined to purchase at the valuation price.

In October 2010 Robert Ryan again approached Shannon Development to purchase the 1.6 acres site for the purposes of expansion of the business of Munster Packaging. During the following six months in the course of follow-up meetings Robert Ryan also enquired about purchasing the two units, occupied by HL Foods, for Munster Packaging's longer term requirements (10 years+).

The sale of the two units was agreed on condition that Munster Packaging would be acquiring full responsibility for the future maintenance and upgrade of roads and services within the Enterprise Centre which would be at Munster Packaging's own cost.

It was agreed that Munster Packaging would acquire Shannon Development's entire interest in the land and the buildings within the Hospital Enterprise Centre. This was in line with Shannon Development's property policy to disengage from the ownership of small enterprise centres where an established business trading from within the enterprise centre would be prepared to take over maintenance, repair and upkeep of the entire property. Initially the sale of the lands was to be concluded on the basis of a leasehold sale which was envisaged when Munster Packaging were acquiring only the 1.6 acre site, however it was changed to a freehold sale when it was agreed that the sale would include the entire Hospital Enterprise Centre and Shannon Development would no longer retain an interest in the property.

Independent valuations were undertaken on the two properties and the common areas within the Enterprise Centre and agreement was reached to sell the 1.6 acre site and the two units at the valuation price.

3. HL Foods

We understand that HL Foods objected to the proposed sale in April 2012 on the basis that it was not notified of Shannon Development's intention to sell. In August 2011 HL was contacted by Shannon Development and advised that access would be required to the two units to carry out a valuation of the property for the purposes of a sale. HL Foods indicated that it was not made aware that the valuation was for the purposes of a sale. Shannon Commercial Properties has enquired with

the relevant Shannon Development personnel who contend that HL Foods was made aware of the purposes of the valuation. In May 2012, in an effort to mediate between the parties, Shannon Development convened a meeting between the three parties (Shannon Development, HL Foods and Munster Packaging), the outcome of which was an offer by Munster Packaging to lease the two units to HL Foods coterminous with the lease on its main manufacturing plant (i.e. to the termination date of their lease with Ballyhaura Development Ltd on 27th June 2021). This offer was not acceptable to HL Foods. During the course of the sale transaction and since the transaction completed, we understand that HL Foods has been offered leases of various terms from a minimum of 5 years to 25 years on both units. We understand that the offers were declined by HL Foods.

The agreement to sell the property did not contain a provision whereby HL Foods would be removed from the two units. During initial negotiation of the sale terms, HL Foods was advised that it would have to leave the premises as no formal agreement existed between Shannon Development and HL Foods. However when the Contracts for Sale were signed in March 2013 HL Foods occupied the two units over five years and therefore had acquired tenancy rights and could not be removed from the units unless it was in breach of its obligations as a tenant. The sale was agreed on the basis that Munster Packaging would purchase the units with a sitting tenant.

Throughout 2012 and 2013 HL Foods issued formal complaints to the Minister for Jobs, Enterprise and Innovation and PAC on the manner in which the sale transaction was undertaken by Shannon Development. HL Foods also contributed to local and national newspapers about the matter. PAC requested the C&AG to review the file on its behalf. The C&AG undertook a review of the file in respect of the Shannon Development Property Procedure for Disposal of Assets in its 2013/2014 audits.

HL Foods submitted a Freedom of Information request for access to the Shannon Development sale file on the sale. HL Foods was advised that a redacted copy of file would be made available to HL Foods on 21st November 2013. The redactions referred primarily to details of the sale price, the valuation and the deliberative process within Shannon Development. On review of the file HL Foods sought access to the redacted material but this was refused by the CEO of Shannon Development. HL Foods appealed this decision to the FOI Commissioner on 30th July 2014 and the matter is currently with the Commissioner and is pending determination.

4. To whom were the Units sold

The entire lands contained in Folio LK11512F at Hospital Enterprise Centre, Hospital, County Limerick which included a 1.6 acre site adjacent to Munster Packaging's existing premises, two units and the common areas of the Enterprise Centre were sold to Munster Packaging. Subsequently the two units and directly surrounding lands were transferred by Munster Packaging to Robert Ryan, a director and a principal of Munster Packaging. It should be noted as follows:

1. When the first advances were made in 2008 to Shannon Development to sell the lands, Robert Ryan requested that the entire property be placed in his own name.
2. When an agreement was reached to sell the Enterprise Centre, Mr Ryan/ Munster Packaging's solicitor requested that ownership be divided so that Mr Ryan would acquire the units in his own name and the lands which would constitute the extension to the existing factory building would be transferred to Munster Packaging.
3. Shannon Development was aware when agreeing the sale and at all time that the two units were to be transferred to Mr Ryan.

5. Terms of Sale

The Contract for Sale was executed on 4th March 2013. The following are the terms of Sale which were included in the Contract for Sale:

Vendor: Shannon Free Airport Development Company Limited

Purchaser: Munster Packaging Limited

Sale Price: As per the valuation

Sale Property: All of the property contained in Folio LK11512F located at Hospital Enterprise Centre, Hospital, County Limerick

The conditions of sale were as follows:

1. The property was sold subject to certain easements and rights in favour of Hospital Foods Units Limited. This is the premises currently occupied by HL Foods.
2. The sale provided that the Purchaser was on full notice of the Planning Permissions affecting the property. No planning warranty was provided.
3. The Purchaser bought the property 'as is' including , the state of repair of the roofs, walls and party walls, water supply, roads and services (including foul sewer, surface water drains, water mains, electricity and telephone supplies, layout, access, planning and other like matters).
4. No warranty was given by Shannon Development that the property complied with Environmental Laws and Shannon Development had no liability, obligation or responsibility in that regard.
5. The property was sold on the condition that it was to be used solely for the purposes of the Purchasers business activity and the Purchaser undertook that it would not utilise any of the sale property for speculative purposes.
6. All activities concerning the Purchaser's business activities were to be confined within the site boundary and the common areas of the centre and were not to be used for parking, unloading, storage or as works areas.
7. The property was sold subject to the occupation of the two units by HL Foods and the interest which it had acquired which arose as HL Food was in continuous occupation of the units for more than five years gave which gave rise to a right to renew its tenancy. On closing all rents and outgoings previously paid to Shannon Development by HL Foods were to be paid to Munster Packaging who in turn indemnified Shannon Development against any future claims with regard to the interest of HL Foods.
8. The sale included the transfer to Munster Packaging of complete and full responsibility for the maintenance of all roads and services within the Enterprise Centre and ancillary to the Enterprise Centre. Munster Packaging indemnified Shannon Development against any claims with regard to the roads and services.

9. The Sale was undertaken by a freehold transfer. No restrictive covenants as to use could be included in the transfer documentation.

10. The sale closed on 11th September 2013.

6. Adherence to the terms of sale

The Contract contained the clause stating that the sale property would be used solely for the purposes of purchaser's business activity and the purchaser undertook not to use the property for speculative purposes. This clause could not be included in the transfer deed as the property was been sold on a freehold basis but remains enforceable under the Contract for Sale.

The transfer of the two units by Munster Packaging to Robert Ryan had been approved by Shannon Development when it negotiated the sale. Shannon Development did not consider the sale to be a speculative transaction as Mr Ryan is a director and principal shareholder of Munster Packaging. Mr Ryan's interest in the acquired property was to provide future expansion space for his manufacturing company.

Limerick County Council granted planning permission to Munster Packaging for construction of a factory extension on 26th June 2013. Construction of the factory extension, upgrading of internal road and ancillary works were completed by Munster Packaging in August 2014 at a cost of €550,000 excluding land and buildings acquisition costs.

Furthermore, at the time of sale, the roads and services to the Enterprise Centre required investment by Shannon Development to upgrade them. A condition of the sale was that Munster Packaging was to acquire full responsibility for the services which removed a potential capital obligation from Shannon Development.

7. The timeline involved

See **Appendix 2**

8. Conclusion

Shannon Group plc was established on 5th September 2014 and it is the parent company for a restructured group of four commercial organisations which include Shannon Commercial Properties formerly known as Shannon Development. Shannon Commercial Properties retains its property function but the company no longer has a regional development remit.

Shannon Group considers that in its then role as a regional development company, Shannon Development made an informed decision to sell Hospital Enterprise Centre to an established business which required part of those lands in order to expand. Munster Packaging was committed to undertaking a major extension of its existing factory, doubling its size and creating additional employment locally.

Shannon Development's policy at that time of the sale was to disengage from the ownership of small enterprise centres where an established business trading within an enterprise centre was prepared to assume responsibility for all the maintenance, repair and upkeep costs. The sale included the transfer to Munster Packaging of complete and full responsibility for the maintenance of all roads

and services. Maintenance costs were greater than the rental income being generated. Furthermore, the roads and services required investment by Shannon Development to upgrade them. Continued subsidy of this nature would have been an imprudent use of taxpayer's money.

Consistent with Shannon Development procedure, an independent valuation was carried out on the properties. The sale price agreed with Munster Packaging was the valuation price.

The position of HL Foods in respect of the units was not compromised. HL Food's position remains as it was when Shannon Development was the owner of the property. HL Foods could not be removed by a new owner from the two units. At the time of signing the Contract for Sale, HL Foods was in occupation of the units for more than 5 years. The provisions of prevailing Landlord and Tenant legislation allowed HL Foods to seek a new lease and to enforce those rights. We understand that HL Foods was offered a lease of up to 25 years duration. Any suggestion that that the new owner could use the two units for a purpose which would harm HL Food's business is unfounded as it would not have been possible for Munster Packaging and/or Robert Ryan to dispose of or use the properties for any other purpose while HL Foods remained as a tenant.

In April 2012 when HL Foods expressed its concerns about the proposed sale, Shannon Development undertook to mediate between HL Foods and Munster Packaging and facilitated a meeting between the parties. As a result the proposal by the new owner to lease the two units for up to 25 years offered a more secure position for HL Foods than it had when Shannon Development was the owner. It was offered that HL Foods could remain in the two units for as long as the units were necessary for HL and for the duration the lease of its main factory premises and beyond.

Munster Packaging and HL Foods have co-existed at Hospital Enterprise Centre for over 20 years. Shannon Development was not aware at the time of the sale of any issue or difficulty between the parties during that time.


Any changes to the use of the remainder of the Enterprise Centre or redevelopment would require a planning application which could be subject to objection should development be contemplated that might adversely affect the use of the two units.

Appendix 1

HOSPITAL ENTERPRISE CENTRE Co. LIMERICK



Enterprise Centre Lands

-  Munster Packaging Factory
-  Munster Packaging lands acquired for expansion
-  HL Commodity Foods Factory (leased)
-  Enterprise Centre Units (2 no.)

Appendix 2 - Timeline

- Nov 2004:** HL Foods leases one unit (by way of occupational licence) for a one year term expiring on 17th Nov 2005. The use was for the storage of pallets. HL Foods refused to renew the licence, enter into a lease agreement or surrender the premises over the following years despite repeated requests from the leasing executives. It continued to pay the rent on the due dates.
- 2006:** HL Foods expressed an interest in purchasing the units but declined to proceed.
- June 2006:** Munster Packaging expressed an interest in purchasing adjoining lands (1.6 acres) for business expansion purposes but did proceed.
- Feb 2008:** HL Foods took occupation of the other unit and commenced paying rent. No lease or licence is signed.
- May 2008:** HL Foods expressed an interest in purchasing the Units. Shannon Development undertook an independent valuation but HL Foods declined to proceed with the acquisition.
- June 2008:** Munster Packaging expressed an interest to purchase the adjoining lands for business expansion purposes but did not proceed. The Company indicated that this would be dependent on obtaining planning approval.
- 2009:** HL Foods sought to purchase the units from Shannon Development at below the valuation cost. This was rejected by Shannon Development as it was contrary to company policy.
- Oct 2010:** Munster Packaging again expressed an interest with Shannon Development of purchasing the adjoining lands for business expansion purposes. Discussions ensued. Subsequently Munster Packaging and Shannon Development expanded the discussions to include the proposed sale of the two Enterprise Centre Units.
- Aug 2011:** HL Foods was informed by Shannon Development that both units were being independently valued for the purpose of a sale.
- Sept 2011:** The valuation for sale of the land and the units was undertaken by external valuer. Agreement is reached on the sale of the entire Hospital Enterprise Centre to Munster Packaging.
- April 2012:** Heads of Terms (“HOTS”) issued and received on 19th April 2012 by Munster Packaging which provided for the sale of a site measuring circa 1.6 acres and two units measuring circa 4,260 sq. ft. on a site measuring circa 0.86 acres at Hospital Enterprise Centre, Hospital, Co. Limerick.
- 19th April 2012** Email received from HL Foods enquiring about the sale of both units. HOTS had already been sent to Munster Packaging.

- 4th May 2012** HoT's signed by Munster Packaging and dated 4th May 2012. Solicitor for Munster Packaging and Robert Ryan wrote to Shannon Development requested that the sale of the 1.6 acre site be to Munster Packaging and the units be in his own name.
- 11 May 2012:** Email from HL Foods acknowledging that it was notified that the units were being valued but claiming that there was no discussion on the purpose of the valuation which was for a proposed sale.
- 15 May 2012:** Meeting between HL Foods and Shannon Development, the outcome of which was an offer to hold tripartite meeting to discuss Munster Packaging's plans for the Units.
- 7 June 2012:** In an email to Vincent Cunnane then CEO of Shannon Development, Peter Grogan, Commercial Director of HL Foods stated that HL Foods had no objection to the purchase by Munster Packaging of the land but indicating that its concern lay solely with Units 6 and 7 and the land lying immediately adjacent to its factory. HL Foods had an atmospheric contamination issue with a previous occupier in those Units which was engaged in metal processing. HL now occupied those units.
- 20 June 2012:** Shannon Development notifies HL Foods that HoT's have been agreed with Munster Packaging.
- 27 June 2012:** Tripartite meeting held between Shannon Development, HL Foods and Munster Packaging the outcome of which was that Munster Packaging agreed to lease the Units to HL Foods coterminous with its existing lease on its main factory building with expires in April 2021. It was envisaged that this would negate HL Foods's concern regarding "cross contamination". Munster Packaging agreed to revert to its Board on this proposal.
- 20 July 2012:** HL Foods declined Munster Packaging's offer of 27 June 2012 of coterminous lease. The Company requested that Shannon Development agree to offer the units for sale to HL Foods.
- 25 July 2012** HL Foods advised by Shannon Development that the sale to Munster Packaging was proceedings and that the offer to lease the units to HL Foods for a term coterminous with its lease of its main unit remained. HOTS had already been signed and agreement reached to proceed with Munster Packaging.
- Aug 2012:** Various media reports including report titled "*Semi-state is jeopardising our business – dairy firm*" published in Sunday Independent with HL Foods commentary. In the article the founder of HL Foods, Mr Harry Lawlor, states that "*HL Foods Commodity Foods has rented the units for the past decade just to keep them empty*". Report titled "*Sale of units beside food business fuels fear of dust contamination*" published in Limerick Leader with HL Foods commentary.
- 20 Aug 2012:** Sale of land to Munster Packaging and the units to Robert Ryan approved by Shannon Development Executive Committee.
- 27 Sept 2012:** Formal request made to HL Foods for access to Units (for the purposes of undertaking a survey for BER and to prepare an Opinion on compliance with

planning permission). Access was denied on a number of occasions by HL Foods for various production related reasons.

Oct/Nov 2012: A number of complaints were made by HL Foods to Minister for Enterprise, Jobs & Innovation (DJEI) on Shannon Development's handling of sale.

5 Dec 2012: HL Foods wrote to Shannon Development stating it is now "*willing to consider leasing these Units from him[sic] for a minimum period of 25 years*" and requested Shannon Development to "*ascertain Mr Ryan's view to this proposition*". Shannon Development replied suggesting that HL Foods take the offer up directly with Mr Ryan.

Jan/Feb 2013: Complaint made by HL Foods to some members of the PAC.

Feb 2013: Access to both Units granted after five months by HL Foods for Building Energy Rating and Compliance Surveys.

4 Mar 2013: HL Foods issues a formal request for a sworn Affidavit from Shannon Development staff in relation to the sale of the enterprise units. Request formally declined by Shannon Development's legal representative.

4 Mar 2013: Contract for Sale executed with Munster Packaging.

13 Mar 2013: Planning permission lodged by Munster Packaging with Limerick County Council for extension of its factory premises at Hospital Enterprise Centre.

15 May 2013: Further letter of complaint sent by HL Foods to Minister (DJEI)

15 May 2013: MD of HL Foods submits further correspondence to the PAC Chair.

28 May 2013: MD of HL Foods corresponds directly with the then CEO of Shannon Development

1 June 2013: The then CEO of Shannon Development responded to the MD of HL Foods setting out Shannon Development's position in the matter.

June 2013: Complaint made by HL Foods to the Chairman of the PAC.

7 June 2013: PAC requested C&AG to review HL Foods's complaint.

10 June 2013: The then CEO of Shannon Development responds to PAC Chairman.

18 June 2013: Letter received from HL Foods notifying Shannon Development that it proposes to take legal action against three named Shannon Development staff for the serious damage to character and trustworthiness of its Commercial Director, Peter Grogan.

26 June 2013: Planning approval granted to Munster Packaging for the construction of 10,000 square foot factory extension with site improvement and ancillary works.

2 Aug 2013: Letter from DJEI to the then Shannon Development Chairman requesting confirmation "*that all appropriate steps were taken by Shannon Development in the disposal of its properties as requested by the Committee (PAC)*".

- 16 Aug 2013:** The then Shannon Development Chairman replied to DJEI confirming *“that all of the steps are prescribed in the Procedure for the Disposal of Assets (copy attached) is complied with in the disposal of Shannon Development properties.”*
- 11 Sept 2013:** Sale transaction to Munster Packaging completed.
- Sept 2013:** FOI request for access to Shannon Development sales files submitted by HL Foods.
- 6 Nov 2013:** HL Foods advises the PAC Secretariat that they have been offered a 10 year lease on the two units at Hospital by Robert Ryan, Managing Director and Principal of Munster Packaging. In doing so it sought details as to how ownership was permitted to transfer from Munster Packaging to Robert Ryan.
- 21 Nov 2013:** Shannon Development granted redacted access to HL Foods to Shannon Development sale files.
- 30 July 2014:** HL Foods appeals the FOI decision to offer redacted access.
- 20 Aug 2014:** Letter from FOI Commissioner accepting HL Foods appeal application.
- 31 Aug 2014:** Munster Packaging factory extension, ancillary site works and infrastructure upgrades to the Enterprise Centre completed.

RESPONSE TO QUESTION 6 - RESTRUCTURING COSTS AS PER NOTE 10 2013 FINANCIAL STATEMENTS

Company	€'000	Category in Accounts	Reason for Expenditure
Provision for rebranding	120	Rebranding Costs	Estimated costs of changing signage in all business parks (c 50) and sites both externally and internally in multilet buildings
Modus Media	10	Rebranding Costs	Estimated cost of creating new website and updating information
Total Estimated Rebranding Costs	130		
PricewaterhouseCoopers	263	Professional Fees	Financial and Tax Due Diligence (legal by Arthur Cox and Property Valuation by Jones, Lang LaSalle)
PricewaterhouseCoopers	115	Professional Fees	Accounting advice on Due Diligence adjustments and tax advice re change in Group structure
McCann Fitzgerald	30	Professional Fees	Legal fees re setting up of Shannon Group, new Memo and Articles re Shannon Group, renaming of Shannon Development etc.
Michael Houlihan and Partners Solicitors	27	Professional Fees	Legal fees to advise on draft legislation, memo and articles redrafting etc
Project Manager	29	Professional Fees	Project manager on a short term contract to facilitate relocation of SD staff to airport and transition of SD Company to Shannon Group.
Hays Recruitment	80	Professional Fees	HR Executive recruited to assist transition of staff to agencies, Shannon Group etc. All existing HR staff redeployed to other agencies.
Total Professional Fees	544		
M2 Office Interiors	58	Relocation/Move	New furniture for new location in Airport to suit open space environment
Michael Fitzgibbon Builders	37	Relocation/Move	Structural works required to new location in Airport for SD staff e.g creation of meeting rooms etc
Dell	18	Relocation/Move	IT relocation costs
Invisible Ink	10	Relocation/Move	IT/Server moves
Storage Systems	8	Relocation/Move	Filing systems for offsite storage
Others e.g IT Quotes, Cuneen Lock and Safe, Scope AV, DGD Papers etc	31	Relocation/Move	IT, filing, shredding etc
Total Relocation Costs	162		
Recharge from SAA	165	SAA Recharge	Recharge of staff time spent by SAA staff on transition due to departure of Shannon Development Senior Management. CEO of SAA also CEO of Shannon Development from 1st September 2013
Total Restructuring Costs	1,001		