Tithe an Oireachtas
Houses of the Oireachtas

Joint Committee of Inquiry into the Banking Crisis

Witness Statement of

Sean Mulryan

Session 50a

22 July 2015 (p.m.)

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> "(a) with the prior consent in writing of the committee,
>
> (b) to the extent necessary for the purposes of an application to the Court, or in any proceedings of the Part 2 inquiry, or
>
> (c) to his or her legal practitioner."[1]

Serious sanctions apply for breach of this section. In particular, your attention is drawn to section 41(4) of the Act, which makes breach of section 37(1) a criminal offence.

[1] *See s.37 of the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013*

Sean Mulryan replies

DOCUMENT 1

Part 1: Overview of relationship between your Company and Banks

Description of the relationship between your company and its principal financial institution referring, in particular, to:

1. Description and assessment of the process(es) with the principal financial institution by which a loan application was typically handled

Loan applications generally followed the process set out below:

1. *During the period under review by this inquiry , Ballymore already had long standing and deep Irish banking relationships*
2. *Ballymore senior level (Group CEO or Group Finance Director) phone call to senior lending/relationship director(s) to advise of a new lending opportunity to assess financial institution(s) financing appetite*
3. *Submission by Ballymore of a reasonably bespoke loan application, which included:*
   a. *a description of the site*
   b. *the price of the site*
   c. *the loan principal sought*
   d. *the prevailing planning status*
   e. *the passing income (if any)*
   f. *a request for an interest roll up facility*
   g. *the planning aspiration and basis for same*
   h. *the extent of further land assembly required (if any) to meet the planning aspiration*
   i. *the potential cost of further land assembly*
   j. *the potential timescale to meet the planning aspiration*
   k. *estimate of the current and potential future value (sometimes in-house Ballymore and sometimes a third party estate agent/valuer)*
   l. *and additional information if Development Finance was required to include:*
      i. *Planning consent obtained*
      ii. *Full details of all projected Revenues and basis for same*
      iii. *Evidence of private residential sales exchanged with 10% deposits received to date or projected sales and marketing campaign structured to achieve a certain pre-sales hurdle/threshold. Both from the developers and bankers perspective, there was a common desire to test the 'off plan' purchaser market for the product prior to entering into a loan agreement. The banks often required that this hurdle was between 30% and 50% of the private*

units, with 40% representing an average to be achieved as a pre-condition to development finance being advanced

iv. *These pre-sales hurdles became enshrined in the loan agreement as a condition precedent to development funds being released*

v. *Pre-commencement requirements, current status and projected costs towards satisfying same*

vi. *Architects drawings to the current stage of design*

vii. *Projected development programme*

viii. *Full details of all projected costs*

ix. *Construction cost assessment of the architects drawings to the current stage of design*

x. *Professional fee budget*

xi. *Sales and marketing budget*

4. *Subsequent presentation in person by Ballymore finance and operational departments (land, planning, development, investment) of the proposal to the banking relationship/origination team*
5. *Ballymore hosting of a site visit (Ireland or UK) with the banking relationship/origination team*
6. *Q & A session with the Ballymore and banking relationship/origination team (stages 4-6 could be conducted over the course of the same day or successive presentations)*
7. *In-house financial and operational due diligence conducted by the banking relationship/origination team*
8. *Further Q & A often conducted remotely with follow up site visit or in person presentation conducted as required*
9. *Subsequent site visit, Q&A etc conducted by the banking risk team*
10. *If the Banking relationship/origination team were prepared to support and recommend the funding request, it prepared its Credit Paper for its internal Credit/Risk Processes, which often included:*
    a. *informal presentation of the proposal to Credit Committee members (lobbying to see if the proposal would be supportable by Credit Committee*
    b. *formal presentation of the proposal to Credit Committee and if required or exceeding a lending threshold and upon Credit Committee approval, further subsequent*
    c. *Investment committee or Board approval*
11. *Then an approved Credit Term sheet would be issued by the Bank to Ballymore, always subject to the Banks external due diligence and loan documentation (with particular focus on the security over the land)*
12. *There may have been a further negotiation by Ballymore over the loan terms offered*

13. *The Banks would instruct the following third party professional consultants to assist in the Bank due diligence and loan documentation processes:*
    a. *Legal*
    b. *Valuation: 'red book' valuation following the methodology per RICS guidance*
    c. *Planning*
    d. *Rights to light*
    e. *Surveying*
    f. *Contracting*
    g. *Cost*
14. *Ballymore would re-present the relevant aspects of the loan proposal to those professional consultants appointed by the Bank*
15. *Once the professional consultants had completed their due diligence and reported formally to the Banks and the Banks were satisfied with same, a final draft Loan Agreement and ancillary security documentation would be agreed for final approval by both Ballymore and the Bank*
16. *Upon approval of same, the documentation would be entered into*
17. *An irrevocable Utilisation Request for funds would be issued by Ballymore to the Bank*
18. *Funds released*

2. Description and assessment of the process(es) – e.g. business case – within your company typically supporting a loan application

   Loan applications were typically preceded and supported by the following internal process set out below not necessarily in this precise order and with some steps taken together:

   1. *Demographic assessment of supply and demand*
   2. *Economic analysis of affordability*
   3. *Infrastructure assessment – current and prospective future*
   4. *Geographic assessment and selection considering inter alia:*
      a. *Area with regeneration potential*
      b. *Area with special amenity offering, such as waterside or green space*
      c. *Area with low existing supply/product competition and with existing or emerging demand (refer demographic assessment and or existing or emerging employment centre)*
      d. *Area where the current or emerging demographics would support the delivery of an affordable product*
   5. *Site identification*
   6. *Assessment of current planning status and emerging or potential planning policy*

7. *Timescale assessment from site acquisition through to residential/commercial occupation*
8. *Financial feasibility assessment involving:*
    a. *Revenue projection (internal and external)*
    b. *Cost projection (internal and external)*
    c. *Finance mix, availability and cost thereof. Some steps as set out at 1 above would be employed at this stage*
    d. *Profitability metrics*
9. *Internal interrogation of assumptions underpinning projections*
10. *Internal stress testing and sensitising of projections for downside and upside case*
11. *Senior management risk assessment and recommendation*
12. *Presentation to Board and further risk assessment*
13. *Decision to proceed or abort*

3. Description and assessment of the processes by which the principal financial institution typically monitored a loan, describing the main performance metrics, if any, used

Loans were typically monitored by a combination of the measures set out below:

1. *The Loan Agreements varied from financial institution to financial institution and between jurisdictions. As the majority (circa 86%) of Ballymore borrowing at 2008 was for assets located in London. The Loan Agreements were primarily based on Loan Market Associations prevailing best practice and guidelines, notwithstanding they were offered by the Irish financial institutions*
2. *The Irish financial institutions that Ballymore borrowed from also appointed UK legal advisers to act for the financial institution in the negotiation of the Loan Agreement*
3. *Consequently, the loan agreements contained various monitoring abilities available to the financial institution such as:*
    a. *Information undertakings – provision of financial statement, compliance certificates, notification of default, details of litigation etc. For a loan financing an investment property with tenants, this would also cover reporting in relation to the tenants relating to rent arrears, rent reviews, insurance, voids, repairs etc*
    b. *Financial covenants, including the following:*
        i. *Interest cover tests – confirmation that the net income generated is at least for example two times (or 200%) the interest servicing cost of the loan. Clearly, this is not appropriate for a loan financing a land acquisition without tenants*
        ii. *Loan to Value tests – confirmation that the outstanding loan is less than for example 80% of the market value of the property*

iii. *Balance sheet tests – Net assets of a guarantor company to the borrowing company is not less than for example £50m*

c. *General undertakings which typically restricted the borrower or guarantor in relation to:*
   i. *acquisitions*
   ii. *disposals*
   iii. *permitted financial indebtedness*
   iv. *provision of guarantees*
   v. *change of business*
   vi. *shareholder distributions such as dividends, etc*

d. *Property undertakings, primarily related to any changes that might impact the property itself and consequently the value of the property being the key security for the initial financing such as:*
   i. *Title*
   ii. *Leases*
   iii. *Development*
   iv. *Insurance*
   v. *Environmental*

e. *Events of default, which could be varied and extensive*

4. *Whether stated in the Loan Agreement or not, the financial institution generally required a high level meeting which senior management attended, at least on an annual basis, to review the past year, the progress on their respective financed assets, general business discussion about the wider economy and real estate sector and Ballymore's future intentions*
5. *Also in a development funding scenario, , the financial institution has a monitoring opportunity each month to require the borrower to comply with whatever request the institution requires for a utilisation request to pay costs to be funded*

4. Description and assessment of the governance arrangements, if any, in place between your company and the principal financial institution for exercising oversight of all loans

The governance arrangements included the following:

1. *Prior to Loan Agreements being executed both the financial institution and Ballymore would have had all final form Loan Agreements approved by their respective Committees/Boards to be executed*
2. *As noted above, the extent of oversight and monitoring, available to the financial institution under the Loan Agreements, was a matter for commercial negotiation between the financial institution and Ballymore*

3. *Notwithstanding the above, for the majority of the period under review, Ballymore's objective, as a borrower, was to have property and related financing thereof ring fenced within a single corporate entity. The rationale for this objective was two-fold:*
    a. *The business case for any individual property project should be assessed against and stand on its own merits*
    b. *Mitigate the risk of collateral damage from one project to another within the overall business*

    Ballymore was not always successful in achieving this objective and some loans required guarantees from other companies in the Ballymore group of companies which necessitated a certain level of 'oversight' being exercised by the respective financial institution over both the borrower and guarantor

5. Description and assessment of the business model supporting the expansion of your company in the years leading up to the banking crisis

Ballymore has experienced sustained growth since its inception in 1982. This growth accelerated during the period under review with profits generated on completing schemes/projects re-invested, together with new borrowings, into new real estate/property opportunities. An example of this growth was the acquisition in 2003 of a portfolio of nine sites geographically disbursed around the UK (including London, Birmingham and Liverpool) from the administrators of Railtrack plc in the UK.,
The business model employed by Ballymore, as outlined above, did not change significantly over the period as development opportunities continued to be assessed on their own merits. However, some of the factors that did change over the period are set out below:

1. *New "Property Developers" came into the market. It is estimated that in excess of 1000 new property developers entered the industry in this period.*
2. *Hence, sharp increase in 'demand side' competition for land.*
3. *Rapid increased supply of bank lending to these potential property developers.*
4. *Increase in the supply of bank lending into the residential mortgage market, thus increasing both the supply and demand side of the residential development equation*

The combination of these factors contributed to overheat the pricing of and indebtedness to the real estate sector, particularly in Ireland. By way of illustration, Ballymore committed time and professional internal and external resources in preparing and submitting bids on some of the more high profile development *property sale processes conducted during the period such as the Irish Glass Bottle site and Jurys and Burlington Hotel sites, but was unsuccessful on each occasion. Ballymore subsequently learned that its bids were significantly lower, as much as 35%, off the pace at the time.*

6. Description and assessment of how multi-bank lending in respect of your company was managed

As noted above, Ballymore's objective, as a borrower, was to have property and related financing thereof, ring fenced within a single corporate entity. Different individual developments were financed from a range of lenders. Ballymore sought to manage its multi-bank borrowing by:

1. *Availing of credit from various providers so as to mitigate any level of dependence or overreliance on a specific source(s)*
2. *Presenting opportunities to several providers seeking the most competitive commercial terms*

The majority of our multibank borrowing continued to be Irish bank sourced rather than from foreign banks. Since the collapse, Ballymore has broadened is range of providers

Part 2: Your Company – its performance and *Modus Operandi*

1. Profile of business, specifying the nature of the property segment, turnover and scale of activity (2001–2008)

   The principal activities of Ballymore Properties are property development and investment, primarily in mixed use developments with the largest proportion being residential. Geographically, this tends to involve house building in Ireland and large scale mid to high rise development in London and Birmingham

   The table on the following page shows turnover

1. Turnover for the statutory reporting period 1 April 2000 to 31 March 2009

Year ending	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Turnover								
Turnover arising In Ireland	11,723	22,473	25,862	70,185	196,803	174,496	133,807	114,518
Turnover arising in UK	73,205	111,561	40,006	135,119	197,095	90,390	46,150	366,004
Turnover arising in Central & Eastern Europe	-	-	-	-	1,723	3,261	5,633	3,083
Total Group Turnover	84,929	134,034	65,868	205,304	395,621	268,147	185,590	483,605

2. Outline the Board / Company structure, including skills of Directors, management structure, risk assessment and business planning

The company was set up thirty two years ago and is privately owned by Sean Mulryan. Sean Mulryan is Chairman and Group Chief Executive. The Irish and UK markets are managed by separate executive teams. The heads of the major departments – land acquisition, planning, design, construction, development, sales and marketing, finance and estate management all report through the territory Managing Director to the Group CEO.

The senior management are executive members of the board of the relevant company. Ballymore also has Dr Michael Smurfit as an active non-executive director. This has been his only non-executive position since retiring from The Smurfit Group. He devotes considerable time to his duties as a non-executive board member of Ballymore.

Year ended 31 March	**2001**	**2002**	**2003-2005**	**2006-2007**	**2008**	**2009**
Ballymore Directors						
Sean Mulryan	●	●	●	●	●	●
Brian Fagan	●	●	●	●	●	●
Ray Hardy	●	●	●	●	●	Ceased Jan 09
Dr Peter Bacon *		●	●	●	Ceased Dec 07	
David Badger				●	●	Ceased July 09
Dr Michael Smurfit				●	●	●
David Brophy				●	●	●

**Dr Peter Bacon began with Ballymore first as a non-executive director and then became a full-time employee of the company.*

The senior team has many years' experience in their respective area of expertise. The company also uses third party professional advisors in all technical areas.
The board, the in-house senior executives and the third party professional teams assess the risk attached to any particular development. Each development is analysed on its own merits and the risk assessed accordingly. Please refer to Part 1 where respective risk management processes are described.

Sean Mulryan replies

In terms of business planning, property development is a long play business and a cyclical business. The land bank is the key to future business planning. Land is acquired and the added value comes through from the development process. Knowing the market, timing and knowing and managing each stage of the development process are the keys to competitive advantage. It is a complex business environment. From the customer perspective, the strength of the Ballymore brand, built up over three decades, is the core of our business planning.

There must be enough land in the pipeline to sustain the business model and this land must be developed in stages from completing the site assembly required, securing a feasible planning permission through to the marketing and eventual sales of homes and this process can take many years. The market forces of supply and demand are the main drivers of the business planning.

3. An outline of total outstanding debt by property type(unzoned land, zoned land, residential, commercial specifying type) by financial institution on 30/09/2008

See table hereunder:

	Premises, Inv't Prop'ty,	Stock of development properties			
	Zoned-Comm & other	*Unzoned*	*Zoned-Resi*	Sub-total	**Total**
Financial institution	€'m	*€'m*	*€'m*	€'m	€'m
Allied Irish Bank	15	*32*	*352*	384	**400**
Anglo Irish Bank	421	*50*	*717*	768	**1,188**
Bank of Ireland	3		*64*	64	**67**
Bank of Scotland	0	*2*	*22*	24	**25**
EBS	-		*20*	20	**20**
FBD	-		*33*	33	**33**
Fortis Bank	14		-	-	**14**
Irish Nationwide BS	18		*271*	271	**288**
KBC Bank	-		*31*	31	**31**
Royal Bank of Scotland	21		*174*	174	**195**
Ulster Bank	8		*109*	109	**117**
Total	500	*85*	*1,793*	1,878	**2,378**

Note: we have presented the debt table above using balances at 31 March 2009 as a proxy for 30 September 2008 on the basis that it is extracted from management information supporting the audited statutory consolidated financial statements of Ballymore Properties at 31 March 2009

4. Profile of total outstanding debt by geographic area, including Republic of Ireland, Northern Ireland, U.K., Poland, other please specify, on 30/09/08

Bank loans by jurisdiction €'m	
Bank debt on properties located in England	2,046
Bank debt on properties in Northern Ireland	-
Bank debt on properties in Ireland	332
Bank debt on properties in Poland	-
Total	2,378

Note: we have presented the debt table above using balances at 31 March 2009 as a proxy for 30 September 2008 on the basis that it is extracted from management information supporting the audited statutory consolidated financial statements of Ballymore Properties at 31 March 2009

5. Detail collateral by type and value for all outstanding debt on 30/09/2008

See table hereunder:

Total outstanding debt and collateral by property type

	Premises, Inv't Prop'ty, Zoned-Comm & other €'m	**Stock of development properties** *Unzoned* *€'m*	*Zoned-Resi* *€'m*	Sub-total €'m	**Total** €'m
Total debt	500	85	1,792	1,878	**2,378**
Cost and/or value of underlying property collateral	*558*	*88*	*2,429*	2,517	**3,075**

Note: we have presented the debt balances above at 31 March 2009 as a proxy for 30 September 2008 on the basis that they are extracted from management information supporting the audited statutory consolidated financial statements of Ballymore Properties at 31 March 2009

6. Detail of the valuation methods and firms used to determine the current market value of land and property in your portfolio (2001-2008)

Sean Mulryan replies

Ballymore used the assistance of top firms in the industry to provide valuation advice on land, investment property and residential units both on a formal basis (according to the principles of the 'Red Book' promulgated by the Royal Institute of Chartered Surveyors) "RICS") and informal basis

Top firms were also used by the Banks to provide the Banks directly with a third party independent valuation of both land and residential units, more typically on a formal red book basis

The Banks would rarely use the same valuers as we might have used on any particular property

The pool of valuers used would have been as follows:

1. *Savills*
2. *Jones Lang La Salle*
3. *CBRE*
4. *Knight Frank*
5. *Cushman & Wakefield*
6. *Colliers*
7. *DTZ*
8. *And others*

The red book principles permit/require valuers to assess the current open market value of the land and the current open market value of residential units assuming the units are completed. For land, the determination of current market value will have regard to the following methods of valuation:

1. *Existing use*
2. *Residual valuation*
3. *Recent comparable transaction evidence*

7. If a residential developer, detail of the cost apportionment of different house types, outlining the cost of the land, the cost of servicing the land, construction costs, finance costs and profits on sales (2001-2008). How did this cost apportionment develop for subsequent phases of development on the same site?

As noted above, Ballymore is primarily a residential developer both in Ireland, which normally involves traditional house-building or lower rise multi-occupant blocks, and London which normally involves denser mid and higher rise multi-occupant buildings

Ballymore has in the past and continues today to only account for sales of residential units when the sale is legally completed and proceeds are received. It is at that point that we match the value of that sale with the cost of delivering the unit to calculate and assess the profitability of the sale. This has resulted in 'lumpy' reporting of profitability in the respective financial years dependent upon the timescales for practical completion of developments and subsequent legal completion by the purchasers

The cost of delivering the unit includes directly attributable costs to the unit and/or an apportionment of shared costs and central overhead relating to the development. The land, infrastructure/servicing and finance costs are naturally apportioned on a reasonable and equitable basis such as:

1. *Footprint (the proportion of land area on which a particular building is located compared with the total land area)*
2. *Area occupied (the proportion of the saleable/lettable area which a particular building occupies compared with the total saleable/lettable area)*
3. *Pro-rata unit constructed basis (the related total cost divided by the total number of units)*

However, even the directly attributable costs of construction on large volume developments (which Ballymore is typically involved in) are not unit specific due to the mix of trades required and economies of scale involved and hence also require apportionment on a similar basis to above

Developers may encounter unforeseen costs at the back end or later phases of development or costs rise due to the passage of time or there are additional costs required to sell any residual units in a development. Nevertheless, in Ballymore the basis of cost apportionment remained consistent from earlier to later phases of developments as this is required both under the accounting standards we are required to adhere to

Ballymore Properties and subsidiaries								
Year ending 31 March	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
	€'m	**€'m**	**€'m**	**€'m**	**€'m**	**€'m**	**€'m**	**€'m**
Gross Profit	28	48	28	56	87	71	73	152

8. Detail the nature of the due diligence, known to you, carried out by financial institution(s) on loans acquired (2001-2008)

   We set out above in Part 1 the process by which a loan application was typically handled, which included our assessment of the type of due diligence carried out by a financial institution in providing a loan to Ballymore.

9. Detail the collateral required by financial institution(s) by type of loan (2001-2008)

   The typical collateral requested by financial institutions was similar from institution to institution for each category of loan as follows:

   1. *Land loan*
      a. *Debenture by way of registered first fixed and floating charge over all the present and future assets of the respective Borrower, including a legal mortgage over the respective land*
      b. *First security interest over all the shares in the Borrower*
      c. *An assignment and subordination by the shareholders of the Borrower of all the rights, title, interests and benefits of the intercompany loans and advances granted or to be granted by the shareholders to the Borrower*
      d. *Where security was limited to the property asset and shares in the sole purpose Borrower, such lending was known as the 'non-recourse' model which was adopted by financial institutions during the period. Such lending typically attracted a higher pricing structure*
      e. *Conversely, depending on the level of risk assessed by the financial institution (quantum of loan, term of loan, nature of underlying property, prevailing planning permission and planning aspiration, development programme/timescale etc) , there may have been a request and/or requirement for a Guarantee to be provided from another company within the Ballymore group. The provision of a Guarantor, the corporate level and net asset value of that Guarantor was a matter for negotiation between Ballymore and the financial institution*
   2. *Investment property*
      a. *As above including*
      b. *Charge over the lease(s) to the occupational tenants*
   3. *Development loan*

a. As above including
b. First party Assignment and Charge over designated bank accounts (Eg: Sale Proceeds Account)
c. Assignment by the Borrowers over all rights, interests, titles and benefits of the Borrowers under the contracts/project documents, performance bonds or guarantees from contractor(s) and all insurance policies and proceeds in relation to the project
d. Provision of a collateral warranty from the main contractor, sub-contractors and key professional appointments (architects, engineers etc) in favour of the financial institution

10. Outline if any, the extent of equity and interest roll up provided to you (2001-2008)

Ballymore has utilised a range of funding structures, from 100% equity funded, to 100% debt funded (when available) to a loan to value range of anywhere from 60% to 90%, with 80% being typically available during the period.

In relation to the provision of interest roll up facilities as part of financing package, this was a feature of the real estate lending market that prevailed during 2001 to 2008, and indeed continues to feature today. Clearly, at the Banks discretion, interest costs can either be permitted to be 'rolled up' or required to be 'cash serviced'.

In an investment property scenario, the rent from the tenant(s) will normally be required to first settle interest costs, with any surplus then flowing to the borrower/landlord.

In either a land or development scenario, the ultimate proceeds from the property are not realised in the short term, so interest is either cash serviced from borrower or shareholder equity or rolled up until ultimate proceeds are generated. Again, as noted above, Ballymore almost always requested interest roll up facilities over the term of the loan. Such was the competition in the lending market during the period 2001 to 2008, in Ireland and overseas, that interest roll up facilities were frequently offered by financial institutions.

11. Details of corporate hospitality, if any, provided to you, or your senior management team by financial institutions (2001-2008)

Corporate hospitality by the financial institutions during this period was mainly offered to the Group Finance Director – Brian Fagan. He would have been invited to sports events both in Ireland and abroad. To a lesser extent he was invited to property awards nights and concerts.

In the UK, Ballymore's Finance Director, AJ Laxman was invited to similar events by the Irish Banks London offices.

In Ireland, Ballymore's Finance Director, Barry Hickey was invited to the same type of events

Examples of these are:

Harry Potter film premiere with family (Bank of Ireland)

Chelsea v Barcelona match (Anglo Irish Bank)

Robbie Williams Concert with partner (Bank of Ireland)

Property Awards London (Bank of Ireland)

Golf Gleneagles (RBS)

Ryder Cup K Club - AIB & Anglo

Cheltenham Races (Anglo)

France v Ireland rugby Paris (AIB)

Ryder Cup Valhalla (AIB)

Golf Gleneagles (Bank of Ireland)

The financial institutions did not offer Sean Mulryan anything like the same level of corporate hospitality as they did to the senior finance team in Ballymore. In fact, Sean Mulryan was often the host of corporate hospitality rather than the financial institutions hosting. His corporate entertainment often coincided with his sponsorship of events such as The Special Olympics, The London Olympic Bid, horse racing sponsorship in Punchestown and Fairyhouse and Gaelic football with his native county Roscommon and latterly with Wicklow also.

During this period, Sean attended the dinner at Anglo's annual golf day on three occasions.

In May 2003, Sean accepted an invitation to attend the Keith Wood testimonial dinner in London hosted by Anglo Irish Bank.

In September 2006, he accepted an invitation to attend the Anglo Irish Bank facility at the Ryder Cup at the K Club but he was also a guest of Dr. Smurfit in the member's pavilion that day also.

In May 2007, he attended the retirement party for David Murray a long serving executive of Anglo Irish Bank in the UK.

12. Detail contributions, if any, made to public representatives or political parties (2001-2008)

1. *The Company supported fundraising events in the communities in which we operated hosted by each of the main political parties, such as golf days, race days etc*
2. *Ballymore disclosed all political contributions, disclosable under the Electoral Act, 1997, in the Companies audited statutory consolidated financial statements*
3. *Set out below is an annual summary of total contributions and a further analysis by political party*

Year end 31 March	**Ballymore €**
2001	30,156
2002	25,786
2003	nil
2004	12,530
2005	20,740
2006	10,330
2007	28,570
2008	nil

Analysed by political party

Fianna Fail	55.5%
Fine Gael	19.5%
Progressive Democrats	15%

Labour	8%
Other	2%

13. Details of lobbying on property related matters, including taxation, by you, specifying who was lobbied, the nature of the lobbying and the outcome of the lobbying (2001-2008)

Ballymore always sought to communicate or engage with the public, elected representatives and government/ local government officials on matters that affected both the company and the industry. It did so in an open and transparent manner. Ballymore made formal submissions to regional development plans in the geographic areas it was active in, both in the UK and Ireland. Ballymore engaged in many open forums where public representatives and residents attended to discuss future plans. This consultation process was an open and transparent activity where each interest group lobbied for its own point of view. In many cases, Ballymore's point of view was taken on board.

Ballymore did not hire independent lobbyists during this period.

14. Your views on the establishment, operation and effectiveness of NAMA

ESTABLISHMENT OF NAMA

The establishment of NAMA in the budget 2009 was done at a time of great panic. However, the uncertainty was prolonged. It took nine months for the legislation to be enacted and a further four months for Ballymore's loans to be transferred into NAMA. This was a very difficult period for Ballymore, especially as most of its activity was in the UK, particularly London, and the market there had little understanding of what was happening with the banking crisis in Ireland.

The reputational damage that Ballymore endured during this period was compounded by the fact that NAMA took over everything related to Ballymore -all loans, not just the poorer performing loans but the good loans and unencumbered assets as well.

OPERATION OF NAMA

The operation of NAMA started from a zero base with no staff. It had to go and recruit property people, banking people and lawyers from scratch. When Ballymore's loans transferred into NAMA in March/ April 2010, they had limited, suitably *qualified staff to understand and handle an internationally diverse property development company of the scale of Ballymore.*

This was compounded by NAMA's difficulty in retaining staff. Ballymore had three changes of NAMA portfolio management team leaders in the early formative years and each time Ballymore had to start from the beginning, doing site visits, to running through our portfolio of assets and our business plans. It was difficult to get any continuity and consistency of decisions. Ballymore, nevertheless, was able to keep continuity with its suppliers who remained very supportive. Customers, in the main, remained unaware of difficulties behind the scenes.

THE EFFECTIVENESS OF NAMA

The effectiveness of NAMA can only be judged over time. It can be viewed from a political viewpoint or a property industry viewpoint. Ballymore can only consider NAMA's effectiveness from its own perspective.

NAMA took over loans from more than 900 people "developers". Many, if not most of them, had little or no experience in property development. They had large borrowings but didn't have long term sustainable busineses.

For NAMA to assimilate this scale and size of activity from such a wide group of borrowers from every walk of life was a mammoth undertaking for NAMA.

Ballymore had been through downturns before; none as severe as this crisis, however, but in all downturns over thirty two years, Ballymore reacted quickly and put a recovery plan together. Ballymore was able to give NAMA its very detailed business plan and full financial analysis across all its development assets. This facilitated NAMA's opportunity to be effective as it had a robust business plan to interrogate. Notwithstanding the constant staff changes in NAMA, NAMA's effectiveness in the case of Ballymore was one of realism. Working together was dictated to by legislation and driven by different organizational objectives. Ballymore's primary objective, as is the same for all business, was to survive the crisis, preserve jobs where possible and recover. In the case of Ballymore and NAMA's effectiveness, history will show that NAMA was effective in ensuring that monies borrowed were repaid.