

Alfa Sets Up Venture With Irish Company

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Quinn Group offices in Ireland. Quinn Group was Ireland's biggest financial group until 2009, worth more than \$6 billion at its peak.

Irish state company Irish Bank Resolution Corporation (IBRC) and A1, part of Alfa Group, on Wednesday confirmed the creation of a joint venture to recover control of Russian and Ukrainian real estate worth up to \$500 million, a news report said Thursday.

The real estate was previously owned by the family of Irish billionaire Sean Quinn. The properties were expected to be transferred to IBRC to repay Quinn Group's debt to the bank, but IBRC has lost control over some of the assets because of local bankruptcy proceedings.

A co-owner of Alfa Group, Alexei Kuzmichyov, said A1 welcomed the deal with IBRC not because of potential profit, but because it created an important precedent when a foreign state appeals for help to a Russian company in recovering taxpayers' assets on its behalf.

He stressed that the unprecedented partnership would improve A1's business reputation and contribute to a better business climate in Russia, Kommersant reported.

IBRC and A1 executives said Wednesday that the joint venture was established in February to restore IBRC's control of 11 properties in Russia and one in Ukraine estimated to be worth up to \$500 million.

Simultaneously, A1 warned potential buyers of Quinn Group's former property that "unidentified and possibly fraudulent companies" may be trying to sell some of the properties.

The company asked investors to report such cases and noted that all attempts to do so will be challenged in court.

Quinn Group, which belongs to Quinn and his family, was Ireland's biggest financial group until 2009, worth more than \$6 billion at its peak. The group's main lender was Anglo-Irish Bank, which went bankrupt in 2009 and was superseded by IBRC.

Quinn Group's debt to IBRC is estimated at 2.8 billion euros (\$3.6 billion).

Meanwhile, Quinn and his family members say they have nothing to do with the property that IBRC is seeking to recover. However, both Sean Quinn and his son were arrested last year for attempts to receive rental payments for the disputed properties in Russia and Ukraine.

Moreover, IBRC suspects some Russian companies that manage the properties of acting in the interests of the Quinn family and trying to put them outside the scope of Irish bankruptcy procedures.

That prompted IBRC to seek partnership with a local company with experience in dealing with problem assets.

A1 hopes to receive 30 percent of the value of the recovered properties.

The sides did not disclose the exact details of the joint venture agreement.

Meanwhile, the partnership may prove to be unprofitable for A1 in the long run, considering unpredictable litigation costs and possible changes in the assets' value.

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