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Finance and Administration Committee  
12<sup>th</sup> Meeting (Intersessional)  
5 April 2013  
London, United Kingdom

**Report of the Finance and Administration  
Committee intersessional meeting held on  
5 April 2013**

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1. The Finance and Administration Committee, chaired by Mr Robério Silva, Executive Director, held an intersessional meeting on 5 April 2013. Some delegates were present in person at the ICO, others participated by telephone.

**Item 1: Adoption of the Agenda**

2. The Committee adopted the draft Agenda contained in document FA-63/13 Rev. 1.

**Item 2: Update on subletting the second floor**

3. The Executive Director welcomed Members of the Finance and Administration Committee and apologized for the short notice of the meeting. He explained that three separate parties had expressed interest in subletting the second floor for the period to 31 March 2017. He noted that, although there had previously been considerable interest in the second floor, the term required by potential sub-tenants was either too short or too long. Savills, the ICO's appointed estate agents, had been diligent in arranging many viewings which had resulted in the current proposals.

4. The Head of Finance and Administration introduced documents FA-64/13, FA-65/13 and FA-66/13 Rev. 1 summarizing the three draft Heads of Terms currently in hand. The first company, Millennial Media, is a global mobile advertising company and represents the strongest covenant of the three offers. It has offices across the USA, Europe and Singapore and is now looking to expand in the UK. In March 2012 it completed an IPO raising US\$115 million. The second company, Abacus Software, is a UK based web development company specializing in the publishing and communication industries. A holding company was set up in April 2011 after a management buyout. Although the ICO had not seen recent

accounts, a credit check categorised them as 'low risk'. The third company, Timothy James & Partners, is a privately owned financial services company which caters for high net individuals in the media and arts sectors. It had previously made an offer but required a longer term than the ICO could provide. It had now returned to the table.

5. The summary of the comparative terms and cash flow forecasts contained in document FA-66/13 Rev. 1 was reviewed. The projected cumulative cash flow for each was as follows:

Millennial Media	£1,083,000
Abacus Software	£1,142,000
Timothy James & Partners	£987,000

6. The Committee was informed that Savills had formally recommended acceptance of the offer from Millennial Media since it was the best covenant and was represented by a reputable firm, Jones Lang LaSalle.

7. One delegate questioned whether Millennial Media would require the whole of the second floor since it was just starting operations in London. The Head of Finance and Administration reported that, although the ICO had not met any representatives of the company, he had been informed that Millennial Media was looking to expand quickly and would need the whole floor almost immediately.

8. Another delegate asked the Secretariat for its opinion on the nature of its communications with Millennial Media and the likelihood of concluding a deal. It was reported that the Secretariat's impression of its communications was positive, but most decisions were referred to Millennial Media's head office in the USA. A response was usually received within 24 to 48 hours.

9. Another delegate asked for clarity about dilapidations: would the ICO be liable for dilapidations at the end of the lease, and, if so, what would be the financial impact? The Head of Finance and Administration explained that dilapidations would still be due, but that, as part of the proposed deal, if Millennial Media signed a new lease with the Landlord in 2017, Millennial Media would be given three months' rent free in return for taking on the dilapidations liability. Moreover, the liability for the first and second floors would be less due to the refurbishment works which had been carried out by the ICO. He also pointed out that since the ICO's tenancy at 22 Berners Street began, no dilapidations had ever been paid and it was therefore difficult to estimate the liability.

10. All members agreed on their preference for Millennial Media as the sub tenant for the second floor under the current Heads of Terms. The Head of Finance and Administration expressed caution since no transaction had yet been agreed and would only be completed once a sub-lease had been signed. He explained that the next step would be to instruct Savills to finalize the Heads of Terms and then to instruct the ICO's solicitors to request the Landlord's formal consent to sublet the second floor and to draft a lease. He also asked the Committee whether, in the event that the deal with Millennial Media did not progress, the Secretariat could pursue discussions with Abacus Software. The Committee agreed to this request, but asked the Secretariat to conduct in depth research into the financial status of Abacus Software and to arrange a face to face meeting with its management in order to understand its business better.

11. The Chairman thanked the Committee for attending the intersessional meeting, as well as for reaching the decisions which had been made. He confirmed that he would keep the Committee informed about progress in the negotiations.

**Item 3:                      Date of next meeting**

12. The Committee noted that the next regular meeting would take place during the week of 9 to 12 September 2013 in Belo Horizonte, Brazil.