



**National Asset
Management Agency**

NAMA Contributing to National Recovery

17th September 2014 – CEO NAMA

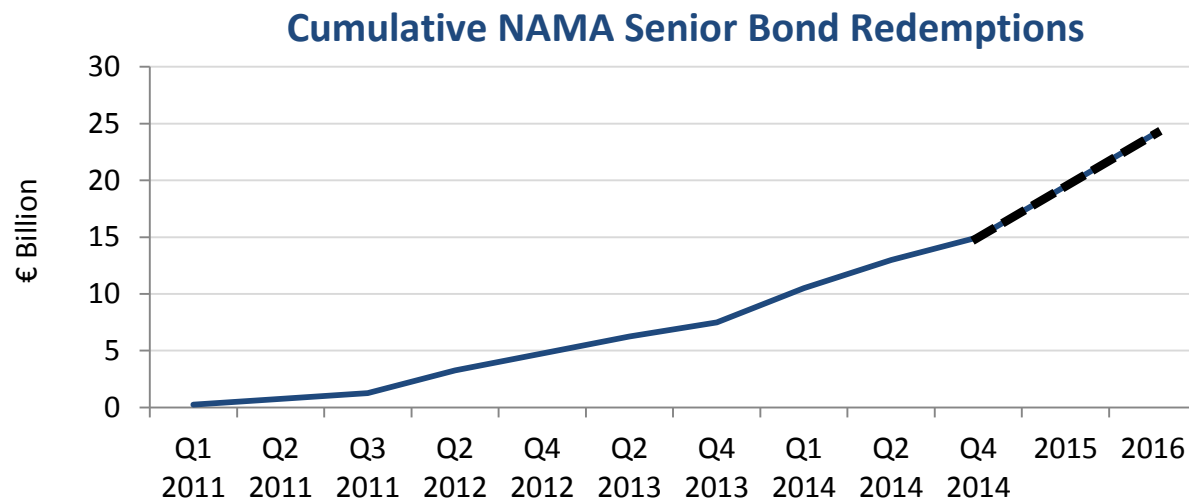
www.nama.ie

Presentation Focus

- NAMA was established to **cleanse banks' balance sheets** of distressed property loans and recover value over time to eliminate **the €30bn contingent liability on the Irish State.**
- Making significant progress by reference to this primary objective; **aiming to generate a surplus for the taxpayer** if current economic conditions are maintained.
- Also, making a **wider economic contribution:**
 - ✓ Investing in Irish Economy - €4bn over NAMA's expected lifetime
 - ✓ Supporting Irish trading businesses
 - ✓ Facilitating property transactions to support foreign direct investment
 - ✓ Contributing to recovery in Irish property market
- Making a **social contribution:**
 - ✓ Providing properties for public use
 - ✓ Delivering social housing
 - ✓ Resolving unfinished housing estates
 - ✓ Funding evidence based research on the housing market

NAMA – Reducing Ireland’s €30bn Contingent Liability

- Cumulative €13.75bn NAMA Senior Bond redemptions to date, further €1.25bn by year-end – equates to **50% redemption of NAMA’s Senior Bonds by end-2014, a full two years ahead of schedule.**
- Aggregate contingent liability including IBRC Senior Bonds reduced from €43bn to €15bn by end 2014.
- Moody’s and S&P’s recently upgraded Ireland’s credit rating, highlighting progress by NAMA as resulting in a “very sharp reduction” in Government contingent liabilities.
- NAMA’S accelerated bond redemption enhancing the value of taxpayers investment in domestic Banks.
- NAMA Board has set the target of **80% senior bond redemption by year-end 2016.**



Wider Economic Contribution: Investing €4bn in the Irish Economy

- Over **€1bn already injected** into the Irish economy to support commercially viable projects.
- Potential **further €3bn available** for investment in Grade A Office accommodation and residential developments.
- Investment of this scale is contributing to normalisation of output and employment in Ireland's Construction Industry.
- Meeting existing and future growth needs of Irish Economy:
 - ✓ Focus on Dublin Docklands where NAMA holds security over **75% of undeveloped SDZ lands** with potential to deliver 3.4m square feet of office space.
 - ✓ Create high quality employment space that meets the specification requirements of domestic and international investors and occupiers.
- NAMA is providing funding to Local Authorities to facilitate upfront infrastructure projects that activate development lands.



Central Park Grade A Office, Landlord fit-out



Dublin Docklands SDZ

Wider Economic Contribution: Funding delivery of residential housing units in areas of most need

- Significant role in bridging the gap between supply and demand.
- NAMA facilitates development through funding debtor and Receiver projects where they are shown to be commercially viable - **NAMA does not own properties and is not a developer.**
- Committed to funding the **delivery of 4,500 new houses and apartments in the Greater Dublin area in the three years to end-2016**, over 2,000 currently of which under construction with a further 1,000 due to commence.
- Progressing sites linked to debtors and Receivers through design and planning processes with **a potential to deliver up to a total of 25,000 new homes.**
- Involves **INTENSIVE PROJECT MANAGEMENT** by NAMA from addressing legal/title issues through to feasibility analysis, design, planning, procurement, construction and disposal.



Millers Glen | Swords, Dublin



Castlepark | Maynooth, Co. Kildare

Wider Economic Contribution: Supporting Irish trading businesses

- NAMA inherited security over a number of debtor businesses that were severely impaired and struggling to survive in difficult economic circumstances.
- Where feasible NAMA has worked with these debtors to help them to restructure their business and return to being a sustainable and profitable enterprise.
- Through providing working capital **NAMA is directly supporting 15,000 jobs in Ireland in trading business linked to our loans.** Includes jobs in property, hotel and leisure, retail, healthcare, manufacturing and agriculture.
- In addition, NAMA is supporting small and medium businesses in the retail sector through **rent abatements worth an annual €20m to the sector and long-term reliefs worth in excess of €40m.**
- When disposing of security over trading businesses NAMA seeks wherever possible to adopt solutions that maximise job retention, e.g. Elverys Sports (700 jobs), Powercourt Hotel (300 jobs).

Wider Economic Contribution: Facilitating property transactions to support foreign direct investment

- NAMA is proactively engaging with the IDA and other State agencies to facilitate transactions that significantly benefit the State
 - ✓ Burlington Plaza lettings to Amazon, BSkyB Group and Adroll Advertising
 - ✓ Facebook letting at Grand Canal; Novartis letting at Elm Park
 - ✓ Kerry Group acquisition at Millennium Park, Naas
 - ✓ Eli Lilly acquisition at East Gate, Cork



Grand Canal Square, Dublin 2

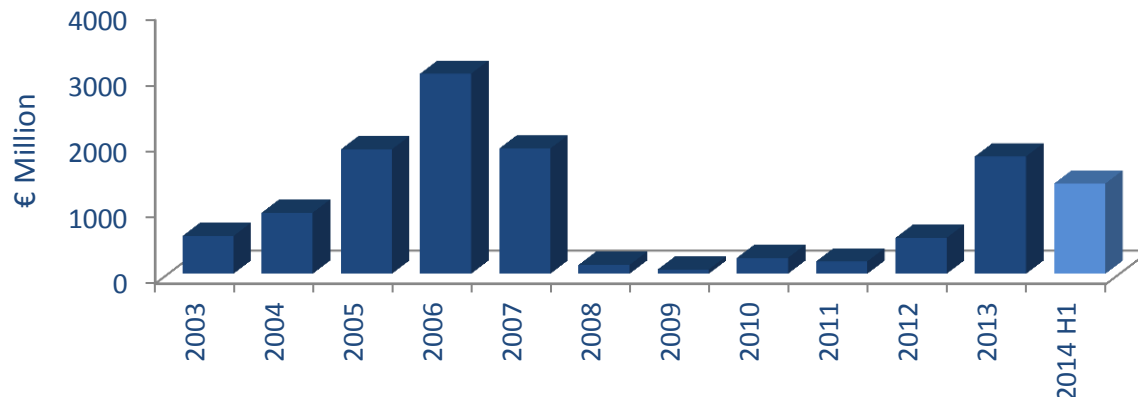


Burlington Plaza , Dublin 4

Recovery in Irish Property Market: Level of Activity and Investor Profile

- 2013 marked a turning point in the Irish property cycle with the volume of investment activity reaching close to €2bn; this pace of activity has continued in 2014 and according to CBRE €1.4bn of transitions (excluding Loan Sales) have been completed in H1.
- Notably the majority of this investment activity has originated from international investors and has been predominantly equity-financed.
- In comparison with the period 2009 to 2012, the mix of active investors has broadened considerably and investors now have far more realistic expectations with regards to pricing and returns.
- As the Irish commercial real estate market moves through the recovery cycle, improving fundamentals across occupational markets are increasingly replacing pricing as the key attraction for investors.
- **Supports NAMA's strategy on the timing of Irish asset disposals – patience is a virtue!**

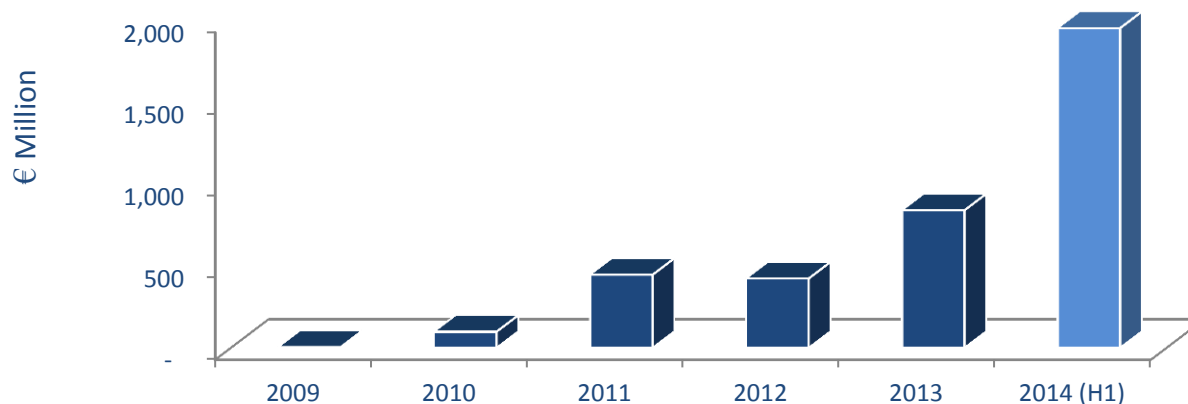
Volume of Irish Investment (Ex Loan Sales)



Phased and orderly approach

- **NAMA's phased release of assets has been a key factor in the market recovery.**
- Initially low volume of strategically chosen assets released to the market to attract large scale investors and initiate price discovery.
- Launched €2bn Vendor Finance initiative to address funding constraints; the landmark sale of No. 1 Warrington Place in Dublin (2012) was NAMA's first vendor financed transaction (€365m in total complete).
- As investors gained familiarity and confidence in the Irish property market, NAMA prudently increased the volume of supply made available to the market.
- Anticipating and responding to market requirements, e.g. loan and property portfolio sales.

NAMA Sales in Irish Market



Property Portfolio Sales



Platinum Portfolio | Office Portfolio



Acorn Portfolio | Shopping Centres



Orange Collection | Residential



Project Venue | Hotel Portfolio

- NAMA's **market initiatives** include the **creation of Property Portfolios**, to attract large institutional investors, which tend to favour sizeable transactions.
- Initial portfolio sales completed early 2014; **Platinum Portfolio - €165m** comprising four office building in Dublin and **Central Park - €311m**, a portfolio of office and residential assets in Dublin.
- To provide market certainty around deal flow NAMA committed in February 2014 to bringing Property Portfolios with a minimum value of **€250m to the market every quarter**.
- The **underlying assets comprising Portfolio Sales have evolved**, to match investor appetite.

Loan Sales

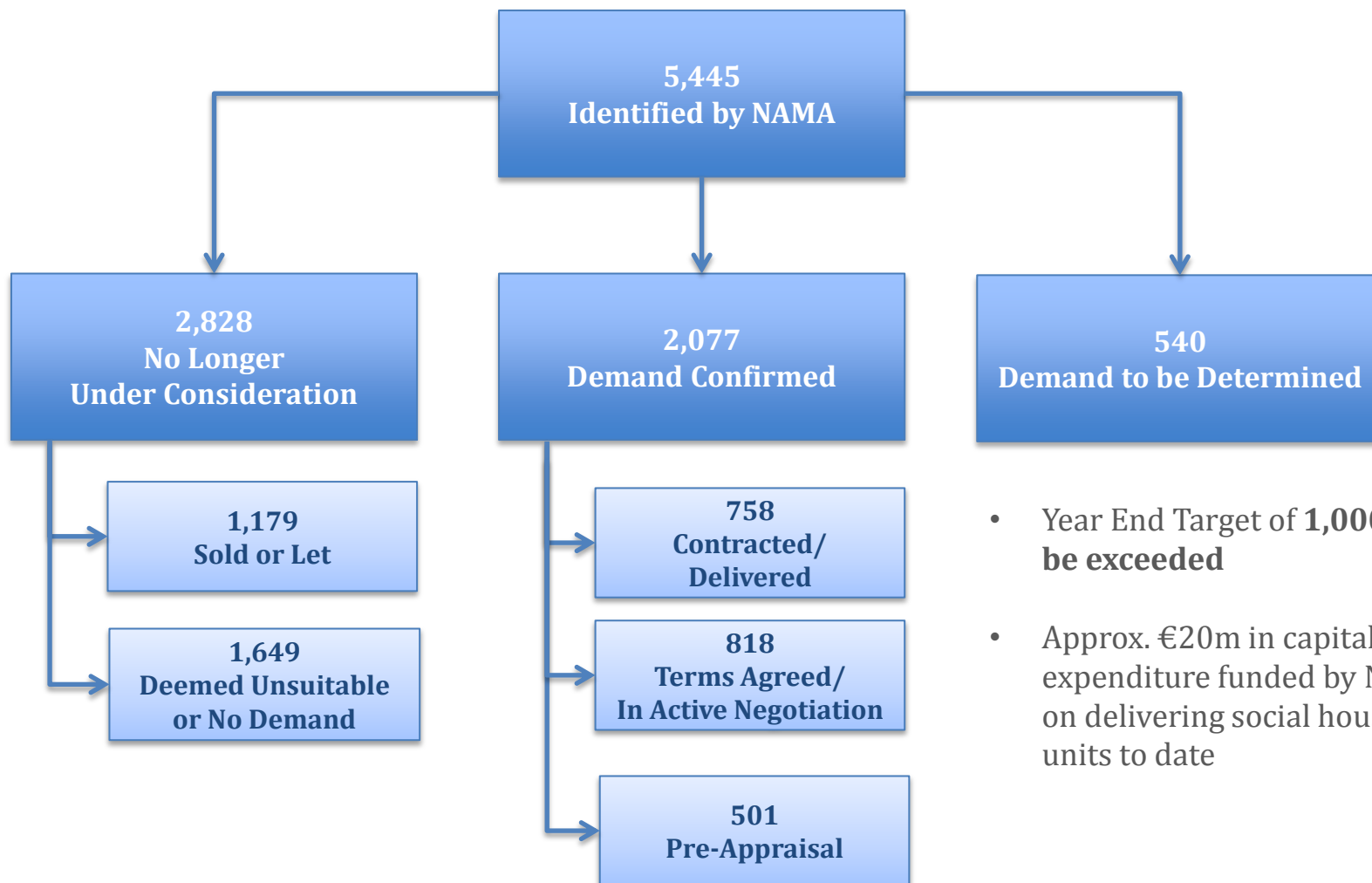
- Loan Sales account for an **increasing proportion of NAMA disposals** in Ireland; 2012 (6%), 2013 (24%).
- NAMA's first major Irish loan sale, **Project Aspen** – €800m par debt portfolio secured entirely on Irish commercial property, completed in early 2013; an **important milestone**.
- Since then a number of Loan Sales have been **successfully completed**, e.g. Project Club, Project Holly, Project Eagle, Project Tower, Project Drive.
- **Loan portfolios strategically selected**; evidence of strong investor interest, satisfied resulting proceeds would not represent a discount on realisable proceeds from direct property sale.
- **Efficient and effective mechanism** for capitalising on increased investor interest in larger transaction sizes.
- **NAMA accounted for 22% of all closed European loan sales in H1 2014**, or 49% if you exclude the IBRC Special Liquidation process, demonstrating NAMA's market leader role and its commitment to proactive cash generation (*Source: Cushman and Wakefield*).



NAMA – Wider Social Contribution

- **Properties for Public Use:**
 - ✓ NAMA works with Government departments and statutory bodies to deliver suitable land and property for schools, healthcare facilities, community and recreational amenities and other uses.
 - ✓ Examples include identification and sale of sites for new schools and hospital stepdown.
- **Social Housing: 5,500 units offered to date**
 - ✓ **NAMA proactively engaging with DECLG and Housing Agency.**
- **Unfinished Housing Estates:**
 - ✓ Based on DECLG survey, NAMA holds security over 217 or 17% of the revised estimate of 1,258 unfinished estates nationally.
 - ✓ NAMA committed to funding the cost of remedial work on these estates.
 - ✓ Emphasis on Site Resolution Plan process in partnership with local authorities.
- **Funding Research:**
 - ✓ NAMA is funding evidence based decision making, e.g. ESRI research programme on the Irish residential market.

Social Housing Delivery – Almost 5,500 Units Offered By NAMA To Date



- Year End Target of **1,000 will be exceeded**
- Approx. €20m in capital expenditure funded by NAMA on delivering social housing units to date

NAMA SPV - NARPS

□ Typical **ACQUISITION IN INCOMPLETE SCHEME IS COMPLEX**, with following issues arising:

- ✓ Solvency of debtor/unpaid creditors/receivership
- ✓ Compliance with planning conditions – particularly where the scheme is significantly incomplete
- ✓ Outstanding development levies
- ✓ Completion of building works
- ✓ Remediation of building defects
- ✓ Compliance with regulatory standard
- ✓ Site Resolution Plans
- ✓ Compliance with MUD Legislation
- ✓ Solvency of Owner's Management Company
- ✓ Transfer of Common Area
- ✓ Agreement of Owner's Management Company to sale

□ Have to get it right – talking about people's homes

NARPS Projects



Before

The Tannery, Bandon, Co Cork

24 houses

Lease with NABCO



After



Baldoyle, Co Dublin

20 apartments

Lease with Túath Housing

Woodfield House, Blarney, Co Cork

12 apartments

Lease with Túath Housing



NAMA – Contributing to National Recovery

- Supporting Debtors where feasible to restructure their businesses and safeguard jobs.
- Working with Debtors and Receivers to maximise cashflow generated by the NAMA portfolio.
- Investing in Irish construction projects and supporting the construction industry - €4bn.
- Working with the wider State Sector to deliver transactions that are vital for the Irish economy.
- Pursuing various market initiatives aimed at increasing transactional activity and capitalising on the Irish property market recovery.
- Making a valuable social contribution to the State.
- **REMOVING THE €43BN CONTINGENT LIABILITY ON IRISH TAXPAYERS - €15BN BY END 2014.**



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