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About NAMA

Ireland: National Asset Management Agency

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About NAMA

NAMA was established as part of Ireland's response to the banking and property crisis that combined to destabilise the country's finances and economy from the latter part of 2008. Announced in the April 2009 Supplementary Budget, NAMA was given the objective of '*cleansing and repairing the banks' balance sheets*' as a '*fundamental*' first step in achieving a sustained recovery in the Irish economy and its banking system. At its inception, NAMA was set two primary and interrelated tasks:

- ▶ Acquiring land and development and associated loans from five financial institutions (Participating Institutions) so as to remove this systemic risk to the Irish banking system.
- ▶ Obtaining the best achievable financial return to the State from these acquired loans.

NAMA acquired loans not properties

Most of the loans acquired by NAMA from the five Participating Institutions are secured on property. NAMA's role in relation to this property and in the other assets underlying its loan portfolio is, generally speaking, that of a lender holding security for its loans, like a bank, rather than a property owner or seller.

The sale or rental of properties securing loans acquired by NAMA is managed directly by the property owners or, in the case of enforcement, by the appointed receiver/administrator. NAMA does not manage the selling or letting process. The property owner or receiver is responsible for appointing a selling agent and is obliged to advertise the property on the open market.

Individuals and/or groups who have an interest in a NAMA-secured property, are encouraged to make contact directly with the owner of the property or, where applicable, the appointed insolvency practitioner or selling agent. Interested parties may also copy their enquiry to NAMA, using the email address below, and the Agency will work to facilitate engagement with the relevant parties. It should be noted that, while NAMA is legally prohibited, by the NAMA Act and by the normal rules of banking confidentiality, from disclosing the identity of debtors or details of their associated properties, the Agency ensures that debtors are aware of any potential purchaser interest in their properties.

Info@nama.ie

Progress

First stage completed – Loan valuation and acquisition

NAMA has completed the first critical phase of its work – the valuation and transfer of loans with a face value of €74 billion. This valuation was in line with the valuation methodology approved by the EU Commission in February 2010. In the process, NAMA successfully injected nearly €32 billion into the Participating Institutions and has helped to ameliorate uncertainty over the quality of the property loan portfolios of the institutions.

NAMA manages its loan portfolios with a dedicated team of just over 330 people with specialist skills and experience in property, banking, finance, law and related disciplines.

NAMA also supports the employment of some 500 staff within the Participating Institutions who manage, on the Agency's behalf, the smaller debtor exposures comprising some €13 billion of the overall €74 billion of loans.

Debtors

On transfer to NAMA, debtors were required to submit detailed business plans setting out how they proposed to repay their loans. By end-June 2012, all debtor business plans had been assessed, providing the business platform for the implementation of the asset disposal and management stage of the process.

In about two-thirds of cases, NAMA is working constructively with debtors because this makes the best commercial sense. For these debtors this may mean one or more of the following:

- ▶ a phased sale of properties to support debt repayments;
- ▶ assignment of rental incomes to NAMA;
- ▶ the granting of charges over unencumbered assets; and
- ▶ a reversal of asset transfers to relatives and others in cases where these have occurred.

It also means a significant readjustment in terms of lifestyle for debtors.

Where debtors are unwilling to work to NAMA's expectations, the Agency must reluctantly consider all available options, including enforcement, to protect the position of taxpayers. By December 2013, NAMA had taken enforcement action in relation to 280 debtor connections. Each month NAMA publishes and updates a listing of all properties that are subject to enforcement on the homepage of the Agency's website www.nama.ie.

New Phase – Asset disposal and management

The Agency has evolved from an organisation focused on setting up its business to one which is addressing that business intensively and comprehensively with the objective of getting the best possible return from it.

Asset sales and project funding

By December 2013 the Agency had approved €10.6 billion worth of property and loan sales. Between its first loan acquisitions in March 2010 and December 2013 NAMA had generated over €16.5 billion in cash flow from debtors. To date, NAMA has obtained charges over additional security with an aggregate value of approximately €800m and continues to take security over additional assets identified in the course of its engagement with debtors.

NAMA has committed to providing €2 billion in development capital by 2016 to preserve and enhance the value of assets in Ireland. Close to €1 billion has already been approved and €500 million has been drawn for projects in Dublin, Cork, Drogheda, Galway and Kildare. NAMA's commitment includes completions and new developments that will help resolve supply shortages, including the provision of some 4,500 residential properties in Dublin over the period to 2016.

NAMA is also funding directly 15,000 jobs in small and medium enterprises which, in turn, supports other jobs within local communities.

NAMA achieved its end-2013 target of redeeming €7.5 billion of the Senior Bonds issued to acquire bank loans in 2010 and 2011. €2.75 billion of these bonds were redeemed in 2013.

Northern Ireland

NAMA acquired loans secured by properties in Northern Ireland with a nominal value of €4 billion. NAMA paid the banks €1.3 billion for these loans representing 4% of the Agency's total acquisition value of €32 billion.

In Northern Ireland, NAMA has approved over £130m in asset sales. The Agency has also approved £145m in new money advances to NI debtors at a time of very limited funding from other sources of investment in the Northern Ireland economy. Examples of this funding include £9m to build a new 95-unit housing development in Millmount, Dundonald, close to Belfast and £15m to complete Lanyon Plaza and the Soloist Building, which form part of a landmark office development in the centre of Belfast.

NAMA has and continues to engage with Northern Ireland housing associations on assets potentially

suitable for social and affordable housing initiatives. The Agency agreed to provide an option to Clanmill Housing Association in relation to a site near Lisburn and sold another site in County Down for social housing. NAMA has also facilitated the sale of over 50 residential properties in Belfast to Oaklee Housing Association.

IBRC

The Irish Government appointed KPMG as Special Liquidators (SL) to Irish Bank Resolution Corporation (IBRC) in February 2013. The SL has been charged with conducting a loan valuation and sales process. NAMA will acquire the unsold elements of the IBRC loan portfolio after the completion of the SL's valuation and sales process. NAMA will not have **any** involvement in the portfolio until this stage. Depending on the volume of loans sold by the SL to third parties, this could increase NAMA's balance sheet by 50%.

Social and economic contribution

- ▶ NAMA's ultimate social and economic contribution will be measured by its success in recouping the maximum amount possible for Irish taxpayers from its loans and underlying security. Within the context of this overriding commercial remit, NAMA is at all times conscious of the broader contribution that it can make to the social and economic life of the country.
- ▶ To date, NAMA has identified almost 4,400 residential units as being available and potentially suitable for social housing provision, representing one of the largest single housing allocations in the history of the State. Local

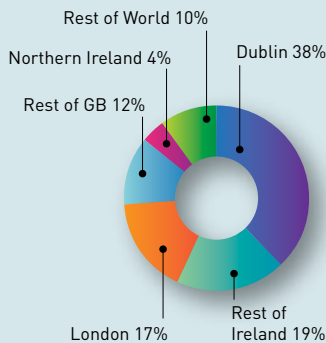
authorities are working through the Housing Agencies to establish the suitability of these properties for social housing provision in their areas.

- ▶ NAMA is working to remediate public safety issues on the unfinished housing estates which fall within its remit.
- ▶ NAMA is working, through its debtors and receivers, with public bodies, community and voluntary organisations, and sporting clubs in the delivery of land and buildings for their purposes, including schools, health care facilities, parks and sports facilities.
- ▶ NAMA is introducing a number of innovative measures (for example, Vendor Finance, Loan Sales and Joint Ventures) aimed at attracting international investment into Ireland's commercial property markets at a time when this is crucial for economic and employment recovery.
- ▶ NAMA facilitates rent abatements in the case of tenants qualifying under the Agency's Guidance Note on Upward Only Commercial Leases. The initiative is designed to facilitate commercially viable businesses that experience particular short-term difficulties linked to the wider economic environment.
- ▶ NAMA introduced an initiative to facilitate house purchases by first time buyers and others (80/20 Deferred Payment Initiative).
- ▶ NAMA is working with all State Agencies to support the national job creation drive.

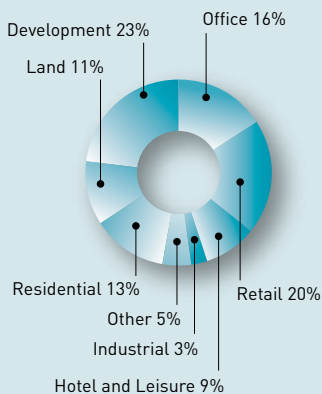
Properties underlying NAMA's loans

The charts below provide a breakdown, by region and by asset type, of the property securing NAMA loans:

Nama Property Portfolio by Location



Nama Property Portfolio by Type

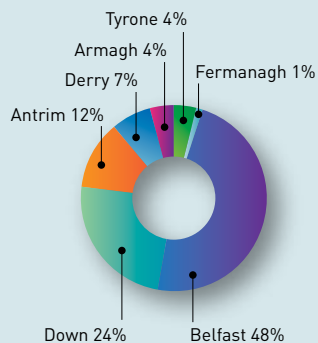


Some key points in relation to NAMA secured property include:

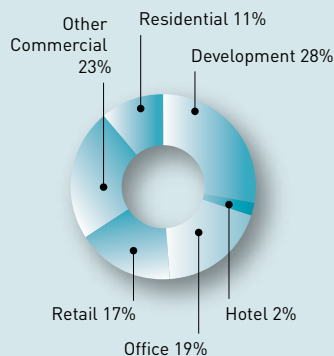
- ▶ Over 70% of properties are completed and of these nearly 80% relate to commercial properties in the main urban centres of Ireland and Britain.
- ▶ 57% of the property is located in Ireland; 29% in Britain, 4% in Northern Ireland and 10% in locations outside of these jurisdictions.

- ▶ Only 18% of NAMA's portfolio is secured by Irish residential property, representing less than 1% of the total housing stock in Ireland.
- ▶ In relation to unfinished estates, NAMA has identified that it holds security over 327 or 18% of the 1,836 unfinished estates in the country.
- ▶ There are 835 hotels in Ireland: NAMA has exposure to 108 of them - less than 13% of the total.
- ▶ NAMA has exposure to less than 5% of golf courses in Ireland - just 20 of the 400 courses in Ireland.

NI Property Portfolio by Location



NI Property Portfolio by Type



NAMA's key principles

- ▶ NAMA's primary objective is to maximise, for the benefit of the taxpayer, the return on its acquired loans. Where it considers that this is best achieved by working with debtors, it does so; however, regrettably, this is not always feasible and, in a minority of cases, the Agency has no option but to enforce.
- ▶ NAMA neither hoards property nor does it engage in fire sales. NAMA adopts a strategic and phased approach informed by its view of the markets in which it operates.
- ▶ NAMA is committed to supporting the national imperative of economic and employment recovery and in supporting the achievement of wider social policy objectives.
- ▶ NAMA engages constructively with all stakeholders and seeks to ensure maximum possible transparency and disclosure as to its work.

How to contact NAMA

Individuals, community groups, sporting organisations and others with an interest in talking to NAMA about land and properties that may be suitable for their purposes should contact info@nama.ie



National Asset Management Agency