



**National Asset  
Management Agency**

**Presentation to  
Northern Ireland Assembly and Business Trust**

**Wednesday 19 June 2013**

# The NAMA Timetable 2010/2011

EU Approval of  
NAMA  
February 2010

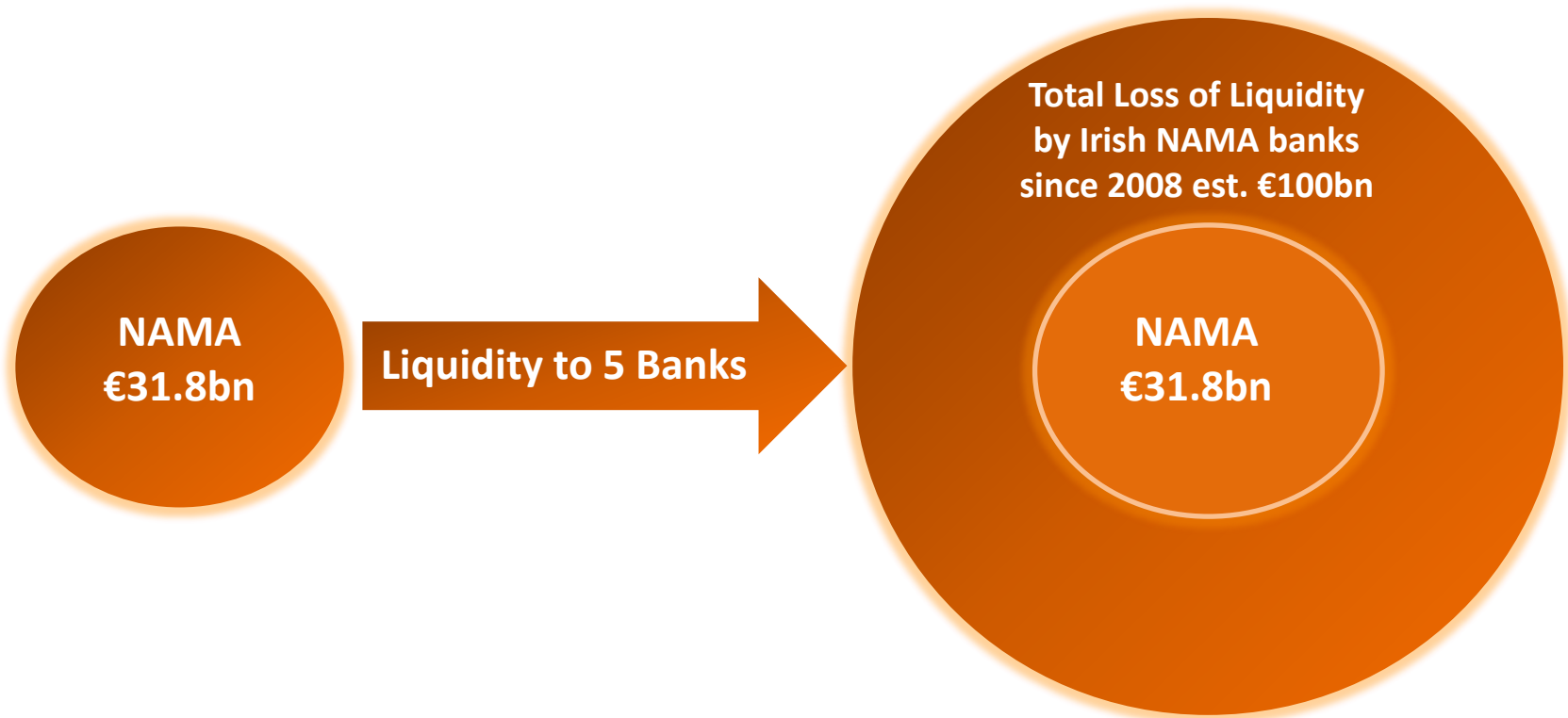
Transfer of the initial  
largest borrower  
exposures across  
all institutions  
commenced  
March 2010

Minister's decision  
to exclude sub  
€20m loans in AIB  
and BOI and to expedite  
transfers September  
2010

Total of €74bn  
assets  
transferred at a  
cost of €31.8bn  
(57% discount)  
October 2011

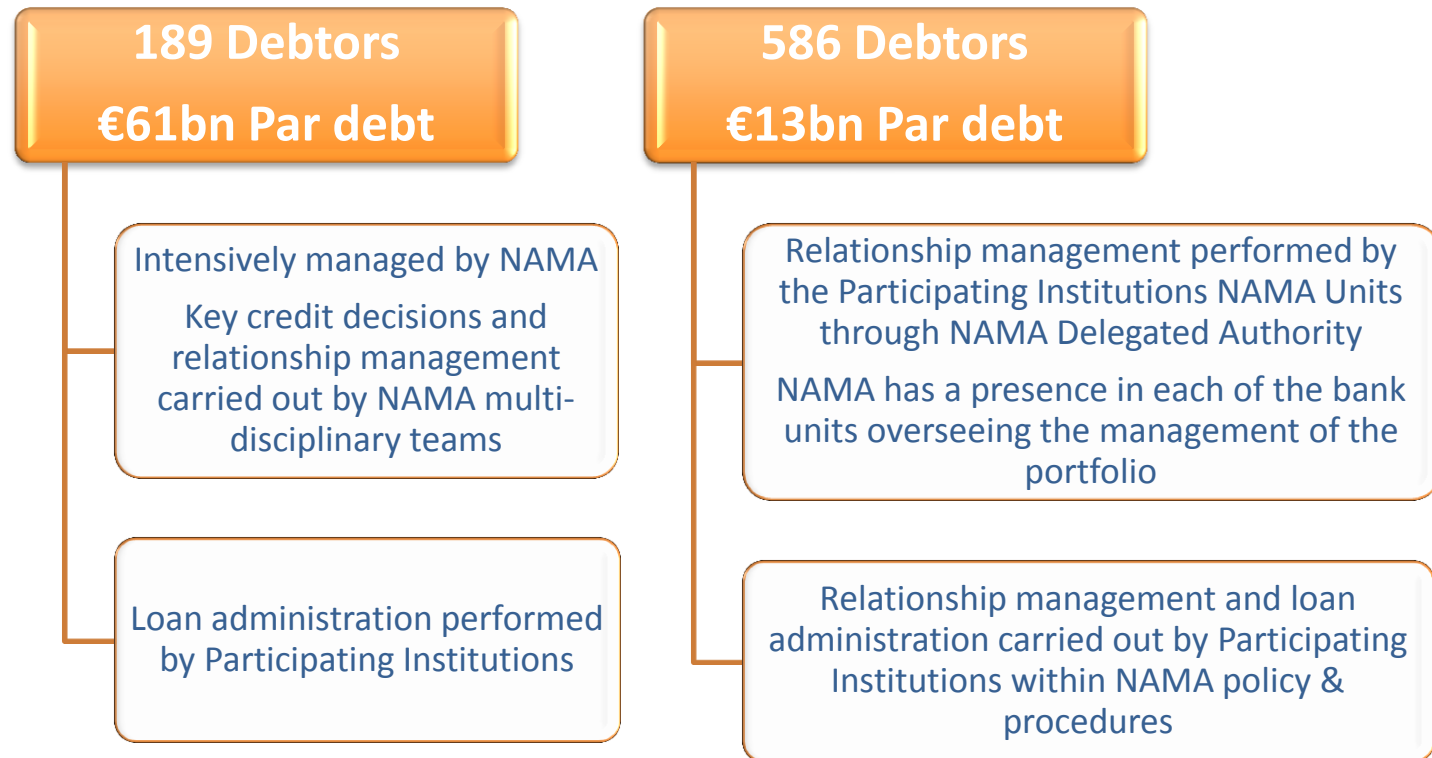
# Liquidity Injection

NAMA provided €31.8bn liquidity to Irish Banking System – it could only ever solve part of the estimated €100bn liquidity lost by banking system since 2008



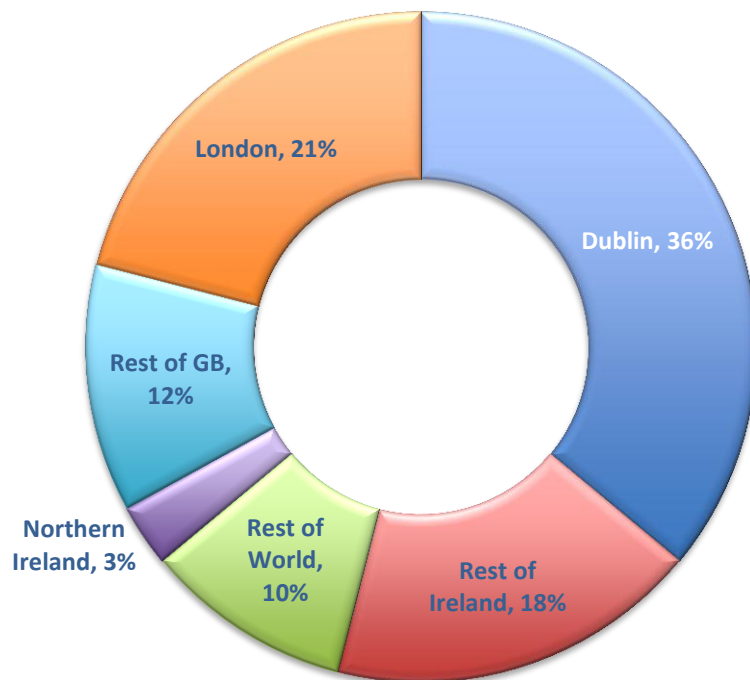
# Portfolio Management

- NAMA paid €31.8bn to acquire 12,000 loans to 775 debtor groups.
- These loans were secured by more than 10,000 properties containing over 56,000 units

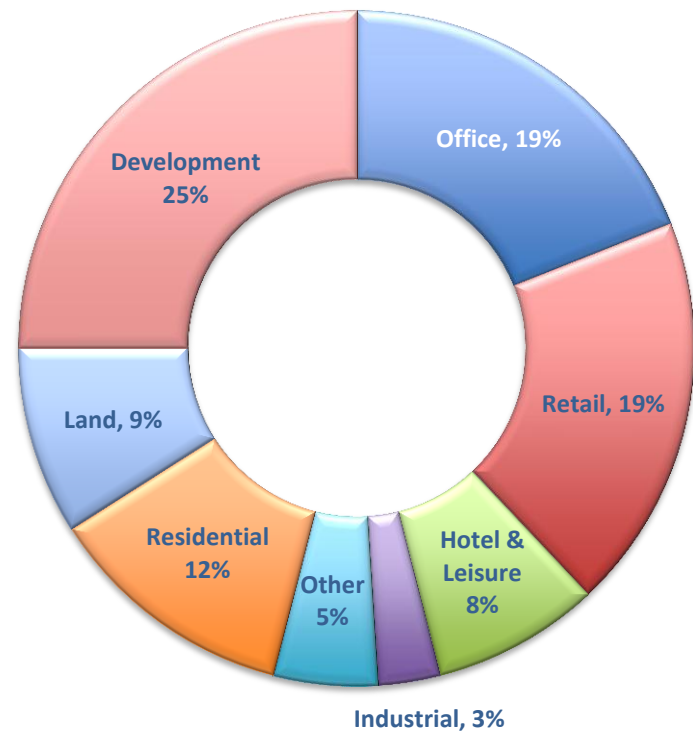


# Breakdown of Property Portfolio Securing NAMA Loans (end-2012)

Property portfolio by worldwide location

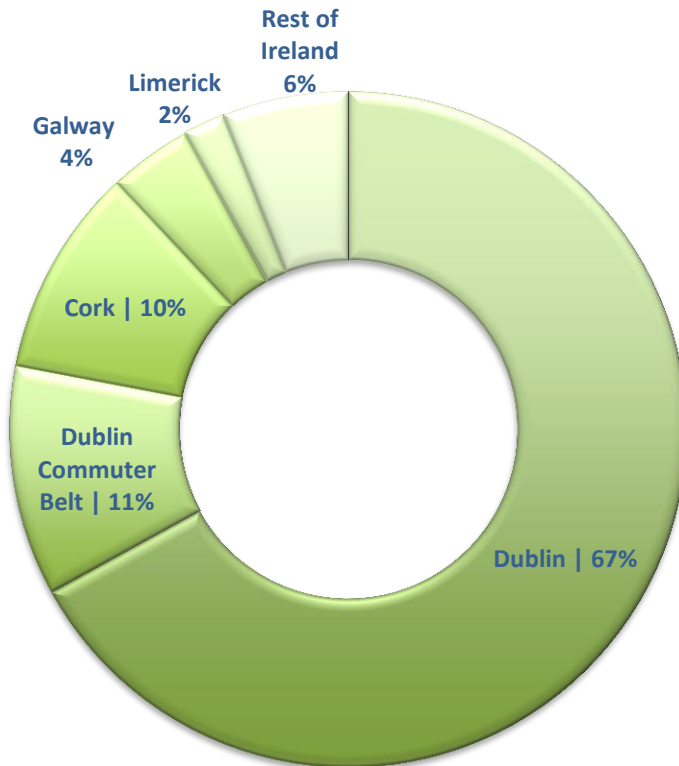


Property portfolio by worldwide sector

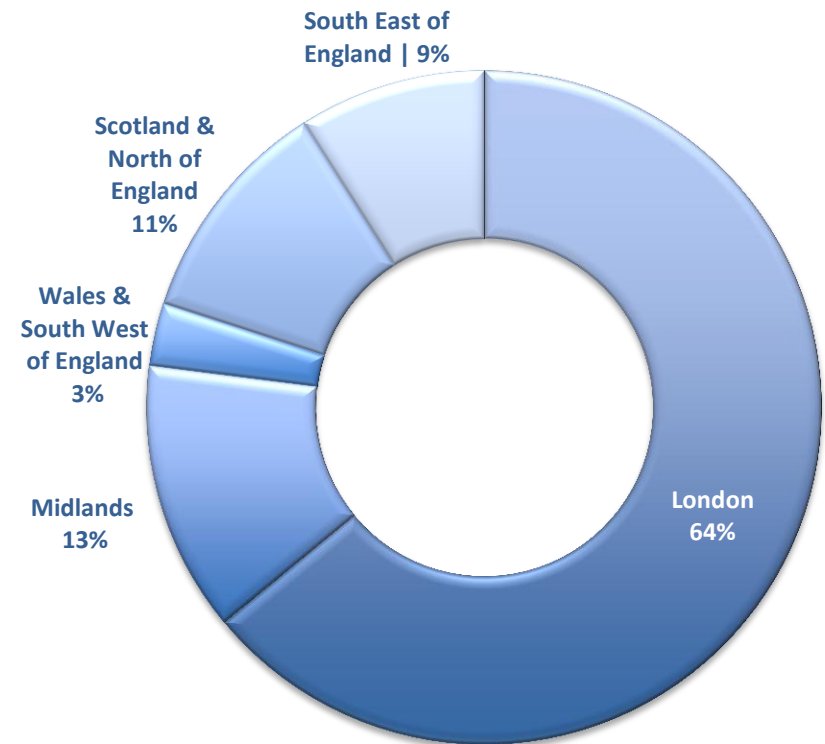


# Breakdown of Property Portfolio Securing NAMA Loans (end-2012)

Regional breakdown of Irish property



Breakdown of property in Britain

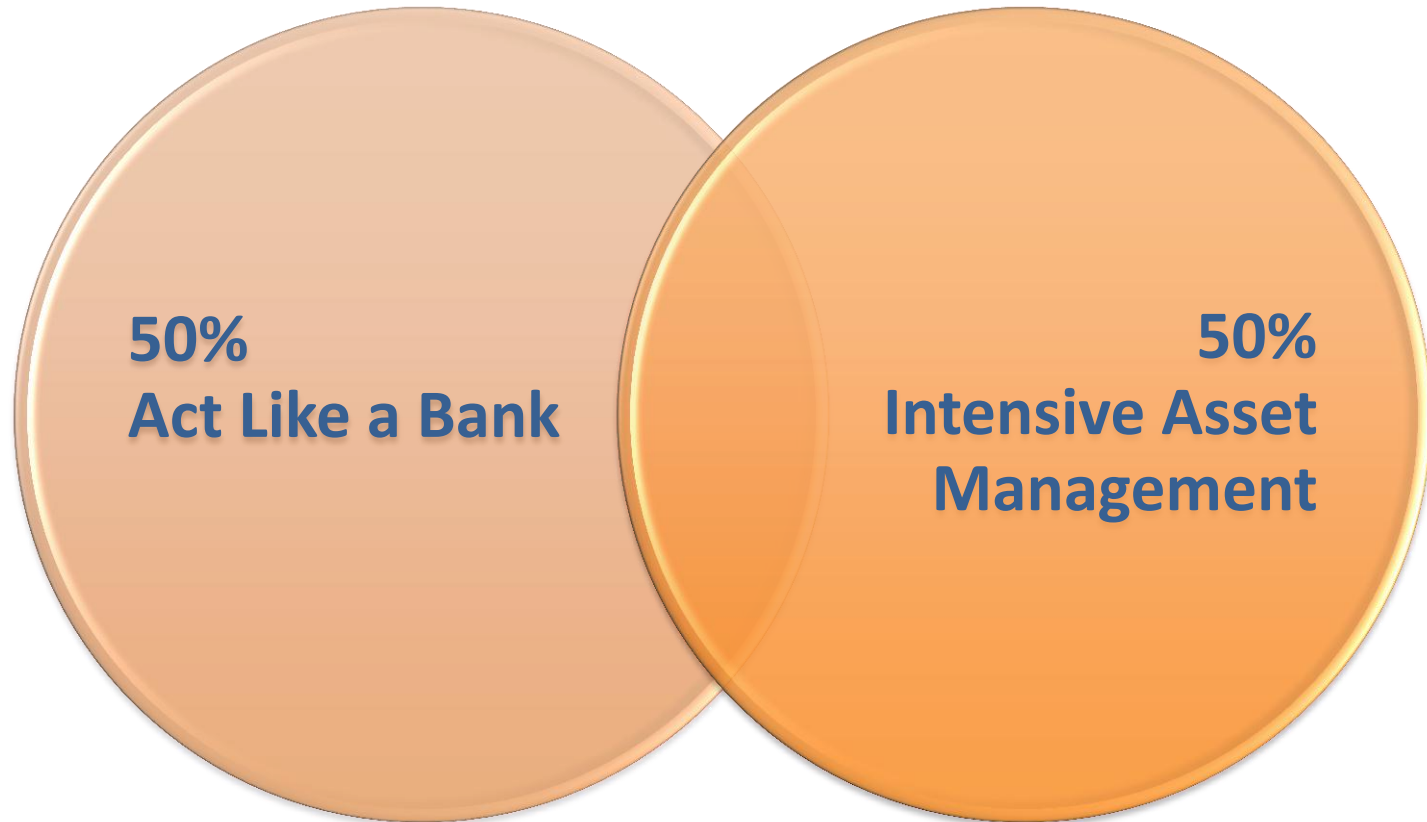


# A Few Key Figures

- NAMA Debtors have an interest in **less than 15% of hotels in Ireland**, i.e. in 127 of approximately 900 hotels
- **NI: 6**
- NAMA Debtors have an interest in **less than 5% of golf courses in Ireland**, i.e. in 20 of approximately 400 golf clubs (17 attached to 4/5 star hotels)
- **NI: nil**
- NAMA Debtors have an interest in about **10% of unfinished housing estates in Ireland**, i.e. in 160 out of the 1,500 worst unfinished estates
- **NI: nil**
- NAMA **supports debtors who directly employ an estimated 10,000 people across Ireland**, providing for appropriate current and capital expenditure



# What is NAMA?





# With a few key objectives.....

- Repay debt
- Pay our own way
- Invest to enhance our assets and get maximum return
- Make a tangible economic and social contribution

**ALL OF WHICH REQUIRES US TO BE PROFITABLE AND GENERATE CASH**

# NAMA Performance Update

## 2012 Results – NAMA profitable for second year running

- Operating profit, before impairment charges, of €826 million.
- Net profit after impairment and tax of €228m.
- Cash generated in 2012 was €4.5 billion.
- Year-end cash balances and liquid assets of €4.4bn.

## Generating Strong Cash Flow

- Since inception, NAMA has generated €12.6 billion in cash, as follows:
  - €8.4 billion from asset disposals
  - €4.2 billion from non-disposal receipts
- In the first 5 months of 2013, €1.8 billion of cash has been generated.

## Debt Being Paid Down

- Senior Debt bonds of €6.25 billion redeemed to date.
- On track to meet target and repay €7.5 billion of NAMA Senior Debt by the end of 2013.

# NAMA Performance Update (contd.)

## Investment Being Funded

- €1.8 billion advances approved to date, including over €800 million for projects in Ireland.
- £123 million invested in NI
- Over 26,000 credit decisions made since NAMA inception – average turnaround time less than 5 days

## Additional Assets Secured

- NAMA has secured over €600m in additional security from its debtors by taking charges over previously unencumbered assets and by reversing asset transfers.
- Expect this to rise to €750m once all negotiations concluded.

## IBRC Migration Programme Underway

- Process to acquire portfolio of loans from IBRC (in Special Liquidation)
- Significant Transition Challenge in HY2 across 3 portfolios



# NAMA Key Financials

## Performance in 2012 and to May 2013

### Asset Sales

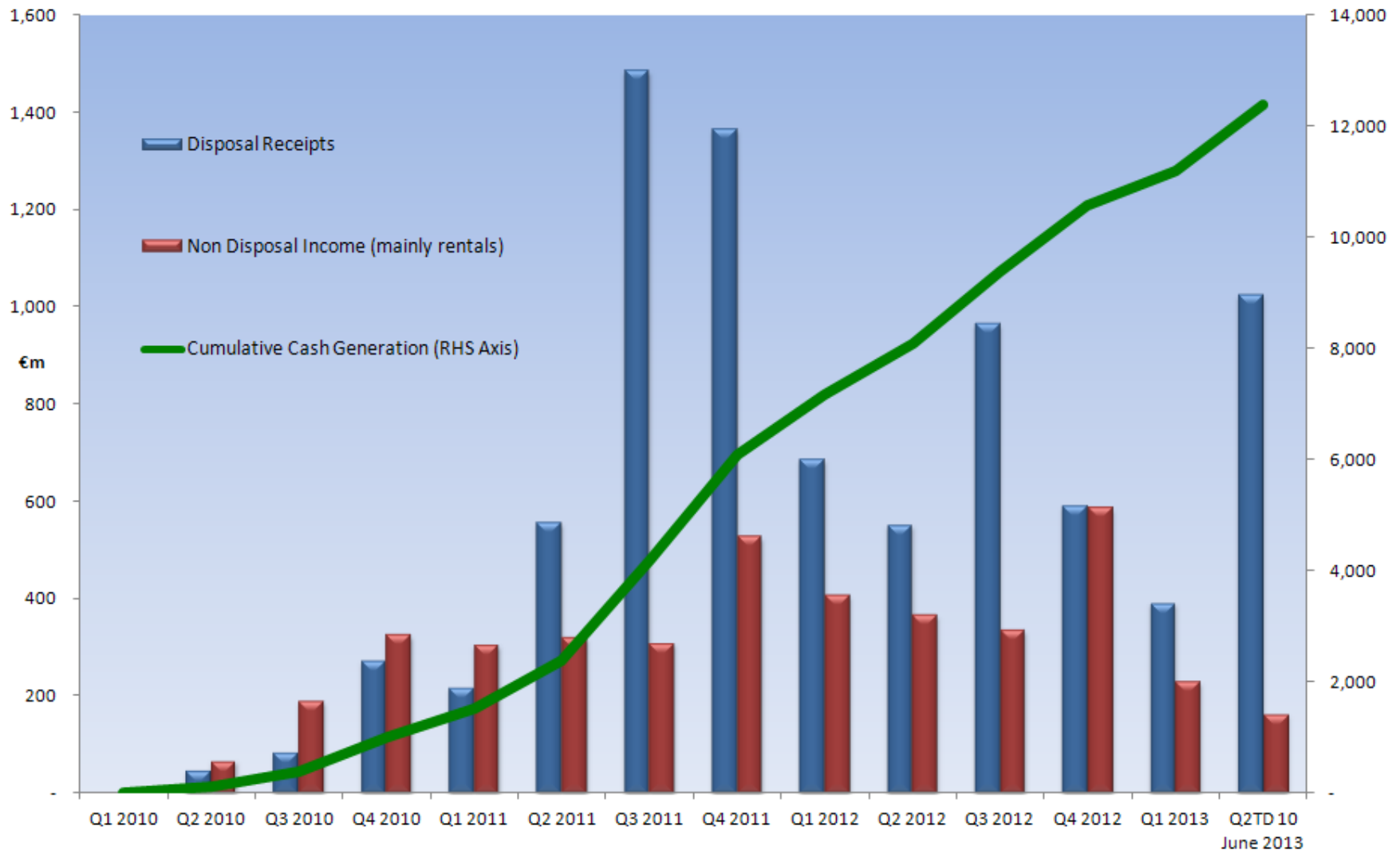
- From inception to end-2012, NAMA managed asset sales with total value of **€11.7 billion**, including **€4 billion** in 2012.
- At end-2012 asset sales were **€6.8 billion** (3,900 individual properties), including **€2.8 billion** in 2012.
- **Asset sales to May 2013 are €8.6 billion.**

### Credit Advances

- To end-2012, credit advances were **€1.7 billion**, including **€741m** in 2012.
- **€1.2 billion** in new advances have been drawn down, including **€308m** in 2012.
- Credit advances approved to May were over **€1.8 billion**, of which over **€800 million** relates to projects in Ireland.

# NAMA Cash Receipts

## Disposal Income/Non Disposal Income

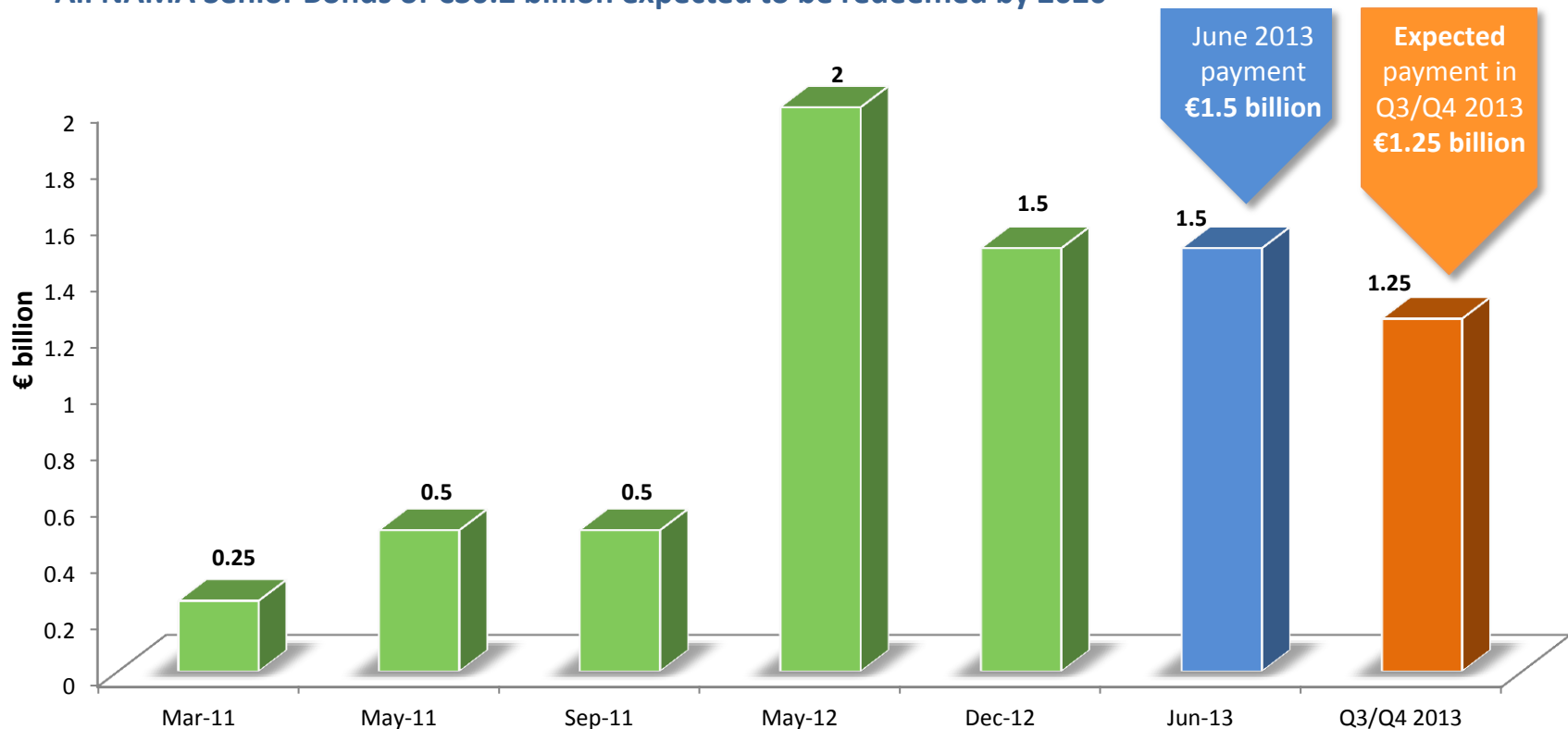


# NAMA Key Financials

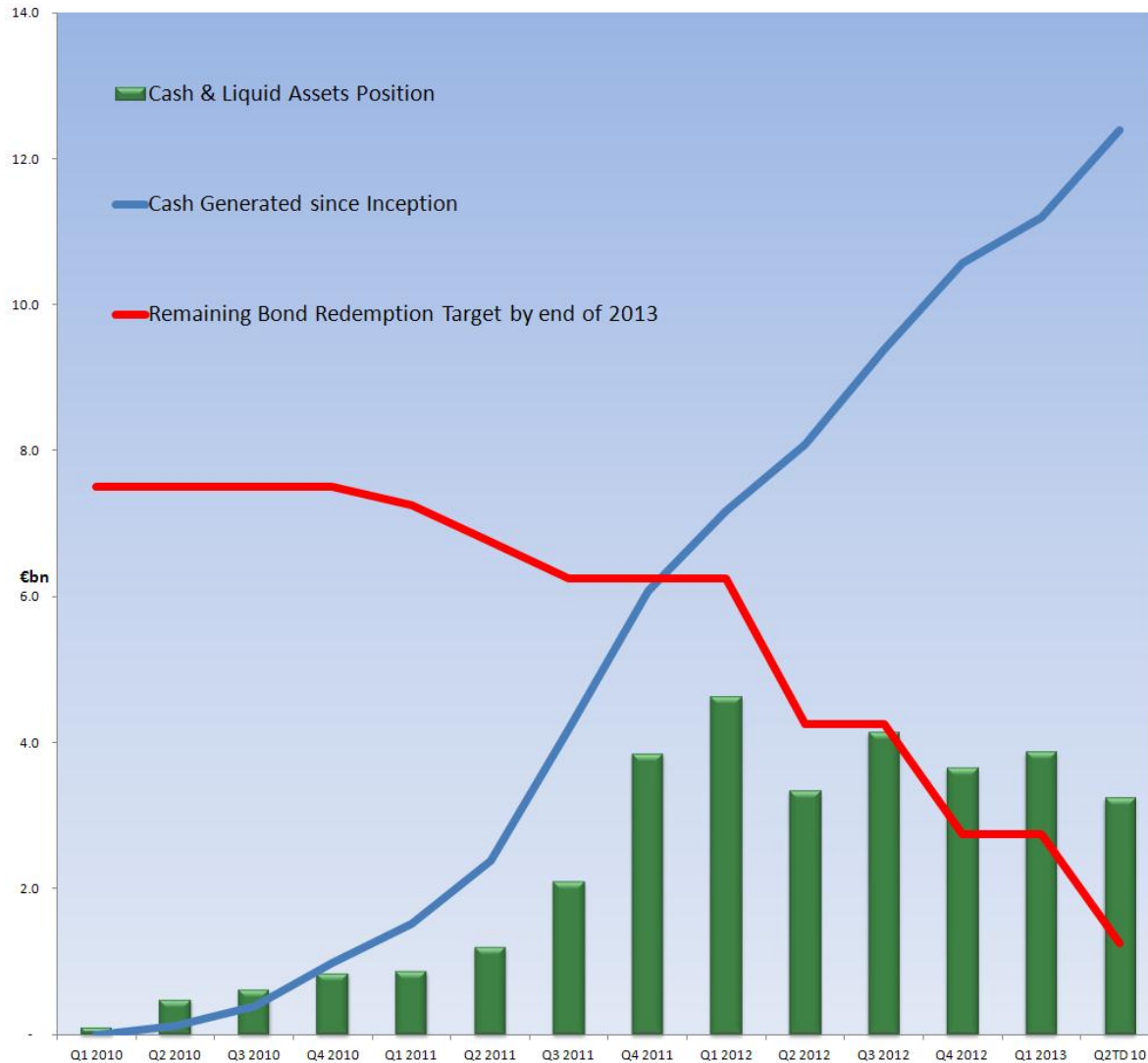
## Debt Repayment

### NAMA Senior Bonds

- June 2013 | €1.5 billion of NAMA Senior Bonds to be redeemed representing cumulative of **€6.25 billion**
- On course to meet target of redeeming **€7.5 billion** of Senior Bonds by end-2013
- **All NAMA Senior Bonds of €30.2 billion expected to be redeemed by 2020**



# Cash Generation versus Bond Redemption



- Total cash inflows of €12.4bn to 10 June generated since inception
  - 2010: €1.0bn
  - 2011: €5.1bn
  - 2012: €4.5bn
  - 2013: €1.8bn
- Interest Income – Approx. €100m monthly run-rate of cash generation from recurring income (mostly rental income)
- Bond redemption target of €7.5bn by end 2013
- To date Bond Redemptions of €6.25bn + €299m repayment of Central Fund loans
- Remaining redemptions
  - 2013: €1.25bn
- Current Cash & Liquid Assets position of €3.2bn as at 10 June 2013 (includes receivable of €1.12bn from NTMA in relation to derivative collateral agreement)

# NAMA Social and Economic Contribution

## Working and development capital advances to debtors

- In May 2012 NAMA announced intention to invest €2 billion for projects in Ireland between 2012-2016, in addition to €500m already approved.
- To date €1.8 billion approved including over €800m for projects in Ireland.
- In Northern Ireland, £123 million approved/drawn supporting projects across all asset classes
- Most recently NAMA investing **£9 million in a new 95-unit housing development in Millmount, Dundonald**
- Additional opportunities are being sought proactively from NAMA debtors

## Vendor Finance

- **€2bn in vendor finance/medium term loans available** to prospective purchasers of commercial property mainly in Ireland, but also in Northern Ireland
- **€360m** agreed in 5 transactions to date.
- NAMA has **engaged with Invest NI and professional and representative bodies to promote the availability of this vendor finance**
- NAMA also engages with Invest NI in relation to assets suitable for industrial parks for indigenous and FDI clients in Northern Ireland.

# NAMA in Northern Ireland

## Lanyon Plaza & Soloist Building

- NAMA is providing facilities to fund the completion of the final two buildings at Lanyon Place Belfast.
- Contracts totalling £15m have been placed with local construction companies to complete the buildings.
- It is anticipated that this will secure substantial employment during the construction process.
- When fully occupied the two buildings will accommodate in the region of 1,750 people.

**Lanyon Plaza**



**Soloist Building**



# NAMA Social and Economic Contribution

## Social Housing

- Offers purchase and long-term leasing options to local authorities and approved housing bodies.
- More than **4,200 units identified** - but it is Local Authorities who determine suitability.
- In 2012, option to **Clanmill Housing Association in relation to the Hilden Mill site, near Lisburn.**
- **Sold site in Newcastle for social housing.**
- Working with the **Northern Ireland Federation of Housing Associations** and its members to assist with the Social Housing Development Programme in Northern Ireland.

## Economic Research & Regeneration

- Collaboration with the **University of Ulster** on research initiative to support a better understanding of the supply and demand dynamics of land across the region, including housing affordability and barriers to market entry
- Relationships established with key stakeholders in economic regeneration including **local councils and Department of the Environment**

# New 95-unit housing development Millmount, Dundonald

**MILLMOUNT  
VILLAGE**  
COMBER ROAD, DUNDONALD



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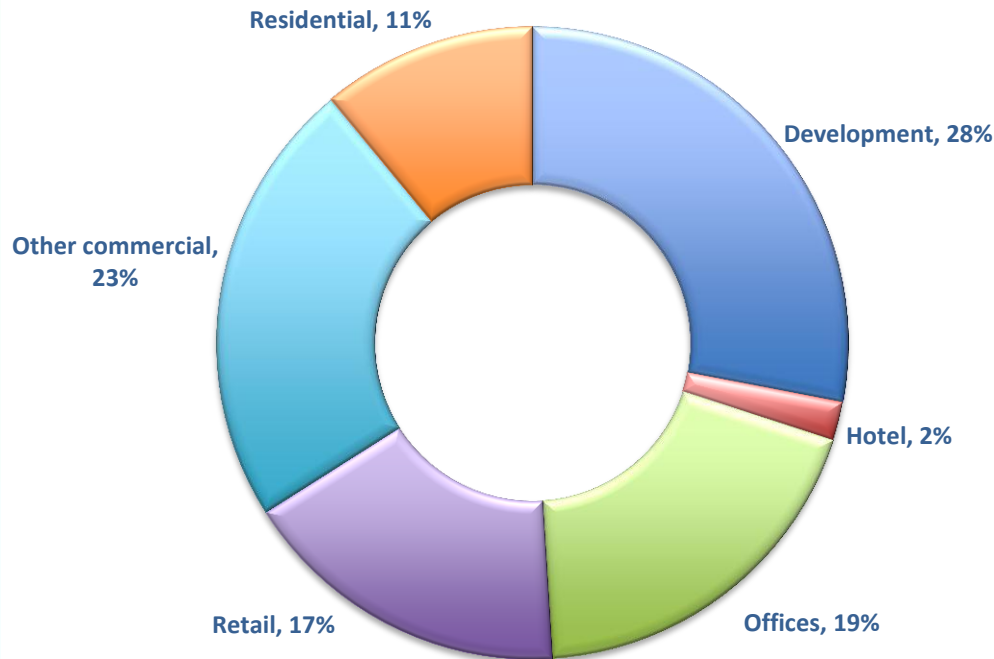


# Northern Ireland Portfolio Overview

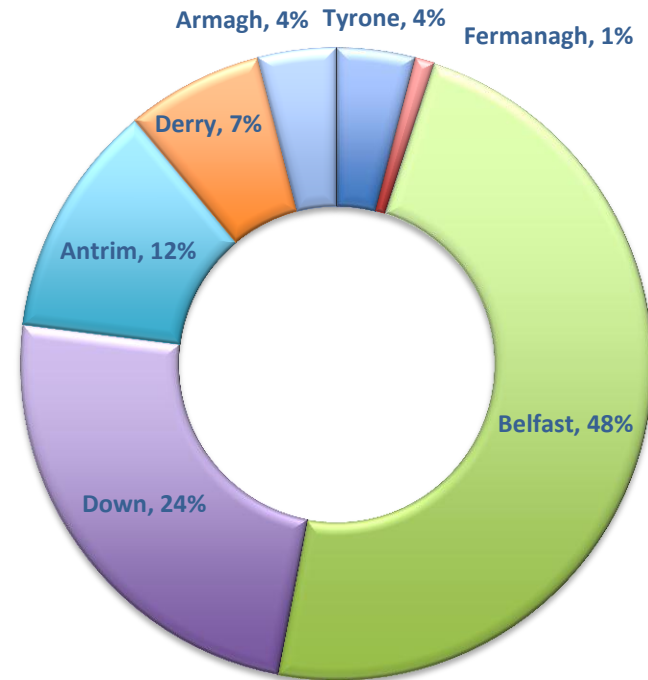
- **€1.3 billion** or 4% of NAMA's total acquisition value of **€31.8 billion**
- 70% of the Northern Ireland portfolio is completed property and income producing
- By end March 2013 asset sales approved in Northern Ireland were **£86.6m**
- **£123 million** in new advances to NI debtors had been approved by end March 2013
- In a small number of cases NAMA has had to enforce in Northern Ireland

# Breakdown of Property Portfolio in Northern Ireland securing NAMA loans

NI Portfolio by type



NI Portfolio by location





# NAMA in Northern Ireland

## Northern Ireland Advisory Committee

- The NAMA Act provides for a **Northern Ireland Advisory Committee (NIAC)**
- The committee advises the NAMA Board on **strategy for Northern Ireland assets**
- External Membership Nominated by NI Minister for Finance & Personnel
  - Frank Cushnahan & Brian Rowntree
  - Provide unique local knowledge and expertise to guide NAMA's work in Northern Ireland
- The Committee **evaluates strategies** and **proposes creative solutions** for NAMA's Northern Ireland portfolio
- The Committee undertakes extensive **stakeholder engagements and interactions**



# NAMA in Northern Ireland

## Stakeholder Engagement

- In 2012 & 2013 NAMA supported activity organised by
  - the **Northern Ireland Chamber of Commerce**
  - the **Ulster Society of Chartered Accountants**,
  - the **Northern Ireland Assembly and Business Trust**
  - **Bank of England Agent for Northern Ireland**
  - **Institute of Directors Northern Ireland**
  - **CBI Northern Ireland**
- Positive working relationship with the **Northern Ireland Executive and Assembly**
- Specific briefings provided to **Northern Ireland political parties**. Dedicated contact channels for Elected representatives: [NIR@nama.ie](mailto:NIR@nama.ie)
- **The NI Advisory Committee continues to review all opportunities to bring creative and innovative solutions in respect of NAMA's portfolio in Northern Ireland.**



# NAMA in Northern Ireland

## What NAMA means for NI market

- Assist in the stabilisation of the market
- Generate transactions, reactivating market
- Provide liquidity - In Northern Ireland, NAMA had approved £123 million in new advances to NI debtors from inception to end March 2013.
- Phased Asset Disposals - By end March 2013 asset sales approved in Northern Ireland were £86.6m
- Capability to take longer term approach where necessary

# NAMA in Northern Ireland

## View from NI Media



**BBC business editor:** *"They're [NAMA] not the baddies"; "There is little evidence that NAMA is being any tougher than the local banks"; "A fire sale would do them little good".*



*"Finance Minister Sammy Wilson welcomed the commitment by Nama: "I am pleased, first of all because Dundonald is somewhere where there is clearly demand for houses. Where there is a market for houses, and where there's a land bank available, I have been stressing to Nama not to hold on to the land because it holds back development and prevents jobs."*



### **Nama deal safeguards 300 Botanic Inns jobs**

*"A deal involving the Irish Republic's assets recovery agency, Nama, has safeguarded 300 jobs in some of Belfast's best known pubs..... Steven Magorrian will continue to run six licensed premises after the leases on those properties were successfully re-negotiated with Nama on Monday night."*

### **one Spotlight**

**Sammy Wilson:** *"We need to de-couple the debts from the normal banking business and have an organisation, like Nama in the Republic, where all of the bad debt is handled elsewhere and the agency works with debtors to resolve the issue and realise as much of the assets as they can. This would free up the banking system."*



# Summary

- Portfolio is financially robust meeting every key target metric
- NAMA Model is part of the solution in the property market and is tailoring strategies according to its portfolio
- Funding is available for development projects with commercial rationale
- A tremendous amount achieved in 3 years
- Next Phase – challenges but cautious optimism



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