



ABOUT NAMA

NAMA was established as part of Ireland's response to the banking and property crisis that combined to destabilise the country's financial system 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 from these acquired loans.

NAMA provided £25bn liquidity to the Irish Banking System which included Banks in Northern Ireland – it could only ever solve part of the estimated £100bn liquidity lost by the banking system since 2008.



PROGRESS

THE FIRST STEPS

NAMA has completed the first critical phase of its work – the valuation and transfer of loans with a face value of £60 billion. This valuation was in line with the valuation methodology approved by the EU Commission in February 2010.

In the process, NAMA has successfully injected nearly £25 billion into the Participating Institutions operating in the Republic of Ireland and Northern Ireland 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 200 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 now merged 3 institutions including jobs in Northern Ireland who manage, on the Agency's behalf, the smaller debtor exposures comprising some £10.5 billion of the overall £60 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. All Business Plans have now been assessed and processed by NAMA setting the strategy in each case for active implementation (by reference to the consideration paid for the loans).

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 and/or trading 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 meant a significant readjustment in terms of lifestyle for debtors.

Where debtors were unwilling to work to NAMA's expectations, the Agency had to reluctantly consider all available options, including enforcement, although only as a last resort. By September 2012, NAMA had taken enforcement action in relation to about 190 debtor connections. In the case of Northern Ireland debtor connections, the Agency had taken enforcement proceedings by the end of September 2012 in just 18 cases and was working constructively with Northern Ireland debtors to manage assets to the point that NAMA can maximise debt repayment.

NAMA ACQUIRED LOANS

Most of the loans acquired by NAMA from the Participating Institutions were secured on property. NAMA's interest in this property and in the other assets underlying its loan portfolio is, generally speaking, that of a lender holding security for its loan rather than that of an owner. Individuals and groups, who have an interest in a property that is related to a NAMA loan, are encouraged to make contact with the owner of the property as the primary channel. They may also copy their interest to NAMA, using the contact details provided in this leaflet, and the Agency will work to facilitate engagement between interested parties and its debtors/receivers/sales agents. It should be noted that, while NAMA is prohibited, by the legislation that established it and by the normal rules of banking confidentiality, from disclosing the identity of debtors or details of their properties, the Agency ensures that debtors are aware of any potential purchaser interest in their properties. This interest may often be aligned to the asset strategy identified by NAMA through the business plan process.



NAMA publishes and updates each month details of all properties that are subject to enforcement. The website, that underwent significant upgrade in July 2012, is available at www.nama.ie.

ASSET SALES AND PROJECT FUNDING

As part of the overall NAMA process, the Agency had approved the sale of assets in excess of £8.4 billion by September 2012.

Between its first loan acquisitions in March 2010 and September 2012, NAMA had generated almost £9.3 billion in cash flow from debtors, both rental income and asset disposals.

Two years on from its initial strategy in Northern Ireland it remains NAMA's policy to advance working capital to preserve, enhance and complete projects.

Significant new advances in respect of

Northern Ireland assets and to Northern Ireland debtors have been approved in relation to projects elsewhere, mainly in Great Britain, which also helps to support operations in Northern Ireland and, by extension, employment. When all working and development capital advanced to Northern Ireland debtors is accounted for, the figure is approximately £100 million and the Agency continues to assess opportunities to invest in Northern Ireland assets in line with projected future demand for property, both commercial and residential.

NAMA also funds directly jobs in trading businesses in small and medium enterprises across Northern Ireland which, in turn, support other jobs within local communities.

WIDER CONTRIBUTION

Within the context of its overriding commercial remit, NAMA is at all times

conscious of the broader contribution that it can make to the economy and communities in Northern Ireland.

As part of its objective of Working for Solutions in Northern Ireland, NAMA is leveraging local input and experience through its members and in partnership with Public Sector bodies and by encouraging research Initiatives which will inform future solutions.

A good example is the Agency's work with the University of Ulster on very innovative research initiatives to enable us to better understand the dynamics of Northern Ireland housing, such as housing affordability and the demand and supply of land throughout Northern Ireland.

NAMA have provided ongoing support for the University of Ulster Land Development Model and are facilitating exchanges between the Department of the Environment, Community and Local

Government in the Republic of Ireland and the University of Ulster in terms of an all-Island Land Development Model.

The Agency is also engaged with local authorities, Councils and other public bodies with the view to building on potential synergies between NAMA controlled land and property and the requirements of these bodies.

NAMA has introduced an initiative which will facilitate house purchase by first time buyers and others (80/20 Deferred Payment Initiative) in the Republic of Ireland and has stated that, if this mortgage initiative works and has application to the Northern Ireland market, it is open to introducing a similar initiative with partner banks.

Lack of finance and unfavourable terms continue to be issues in the commercial property market. NAMA is making vendor finance available in the Northern Ireland



market. Vendor finance can help bring international capital into the Northern Ireland market and add price tension and competition. NAMA is not a bank and sees vendor finance as an aid to market participation, but applied to the right product and right client, it can be a significant positive for investment and employment in Northern Ireland.

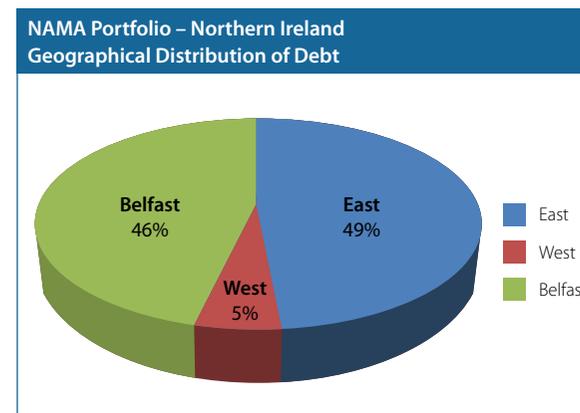
The Agency is also examining a number of other strategic initiatives, including establishing a Qualifying Investment Fund (QIF). The point in this regard is that any initiative available in the Republic of Ireland market will, where possible, be made available and tailored to suit the economic circumstances in Northern Ireland.

NAMA values the relationships developed with the Northern Ireland Chamber of Commerce, the Northern Ireland Assembly and Business Trust and all stakeholders which provides a key two-way communication channel between the business and elected representative communities in Northern Ireland and the Agency.

PROPERTIES UNDERLYING NAMA'S LOANS

The table below provides a breakdown, by region and by asset type, of the property securing NAMA loans.

Jurisdiction of property securing acquired loans		
Market value of property		
Jurisdiction	€bn	%
Ireland	17.5	54
Britain	10.9	34
Northern Ireland	1.3	4
Other	2.7	8
TOTAL	32.4	100



The final figure for loans in Northern Ireland is of the order of £3 billion nominal and an acquisition value (LAV) of £1.26 billion. This represents approximately 4% of NAMA's portfolio in terms of the par and loan acquisition value of loans acquired – less than originally envisaged as the Agency exercised its option not to take over some loans linked to trading businesses.

Some key points in relation to NAMA's Northern Ireland property portfolio include:

- ▶ 4% of the NAMA's total property portfolio is in Northern Ireland.

- ▶ With reference to LAV, 62% of the Northern Ireland portfolio is secured by commercial investments.
- ▶ Just 11% relates to residential investment.
- ▶ NAMA does not have high concentrations of large unoccupied residential developments in the Northern Ireland portfolio.
- ▶ The same also applies to hotels with just six smaller assets identified.

NORTHERN IRELAND ADVISORY COMMITTEE

One extremely valuable structure within NAMA is the Northern Ireland Advisory Committee. This Committee's contribution to our understanding of the issues and market is very important, especially the contribution of the two external members of that Committee, Frank Cushnahan and Brian Rowntree, two highly respected business leaders in Northern Ireland. Both



members were reappointed for a further two years in early 2012.

NAMA'S KEY PRINCIPLES

Where it considers that it can best achieve its commercial objectives 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 and this is clearly illustrated by the Agency's actions in Northern Ireland over the past two years.

A stable, normally functioning property market will be positive not just for NAMA but for the wider Northern Ireland economy. NAMA wants to see transactions, buyer confidence and liquidity restored and employment and economic activity growing.

NAMA's actions in Northern Ireland are informed by an understanding of the workings of the Northern Irish economy and cognisance of the ongoing plans and strategies of (1) the Northern Ireland Assembly, which has signalled a sizeable asset disposal programme over coming years and (2) the management by major non-NAMA financial institutions of substantial property portfolios in Northern Ireland, some much larger than NAMA.

NAMA engages constructively with all stakeholders and seeks to ensure maximum possible transparency and disclosure as to its work. In Northern Ireland, a good working relationship with the Northern Ireland Executive and Assembly has been established. Meetings take place at regular intervals to allow for an open exchange of views. The Agency meets different Ministers according to the subject matter and in particular, the Minister of Finance and Personnel and with the First and Deputy First Ministers. It also engages across the wider Government, political and business stakeholder groupings in Northern Ireland.

NAMA aims to be efficient and agile in carrying out its business: by September

2012, it had made 13,000 individual credit decisions since its inception. The average turnaround time on credit decisions is less than 5 days (it works to a target of 7 days).

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 or telephone 00 353 1 6640800.

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