2013 End-of-year update

1. SENIOR DEBT REDUCTION

- NAMA has 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.

- The €7.5 billion redeemed to date leaves €22.69 billion of the original Senior Bonds outstanding. These bonds are currently held as follows:

<table>
<thead>
<tr>
<th>Institution</th>
<th>€ billion</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIB</td>
<td>15.820</td>
<td>70</td>
</tr>
<tr>
<td>Bank of Ireland</td>
<td>3.991</td>
<td>18</td>
</tr>
<tr>
<td>Central Bank of Ireland</td>
<td>0.710</td>
<td>3</td>
</tr>
<tr>
<td>Permanent TSB</td>
<td>2.169</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22.690</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
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- NAMA (NARL) has also redeemed €1 billion of the €12.9 billion of Senior Bonds issued in connection with the acquisition of the IBRC facility deed and floating charge in 2013. The outstanding bonds - €11.9 billion - are held by the Central Bank of Ireland.

1 These senior bonds were issued in 2010/2011 as payment for loans that NAMA acquired from AIB, BOI, Anglo, INBS and EBS.
2 As the IBRC Special Liquidators sell the IBRC portfolio, they remit cash to NARL which in turn uses the cash to redeem these bonds from the Central Bank.

2. CASH GENERATION

- NAMA continues to generate significant cash through disposal activity and non-disposal income. Some €5.8 billion in cash was generated in 2013, including €3.8 billion from the proceeds of asset disposals. **Total cash generated in the period of 45 months since inception has reached €16.5 billion (the first loan transfers took place in March 2010).**

- Of the €16.5 billion, €10.6 billion relates to asset disposals and €4.5 billion to other income, mainly rental receipts from properties controlled by debtors and receivers. The residual €1.4 billion relates to payments of principal and interest received from the Special Liquidators to IBRC. This is on foot of the floating charge over IBRC assets that NAMA acquired from the Central Bank following the appointment of Special Liquidators to IBRC in February 2013.

- At end-2013, NAMA held cash and cash equivalent balances of €4.3 billion, after making NAMA senior bond redemptions and other debt repayments totalling €8.8 billion since inception.

- Over €2 billion worth of Irish assets are currently for sale through debtors, receivers and loan sales, including a number of significant property and loan portfolio sales recently brought to the market in response to interest from large institutional investors.

- Over 39,000 individual credit decisions have been made since inception, including over 17,000 in 2013. These range from straightforward approvals for individual property sales through to highly complex and substantial applications. The average turnaround time for credit decisions within NAMA is currently 4 days.
3. ASSET SALES

- Since inception, NAMA has overseen the sale of €10.6 billion worth of loans and property and other assets held as security, including the sale of over 10,000 individual properties mainly across Ireland and Britain.

- During 2013, NAMA completed the sale of its first major Irish loan portfolio - an €800 million par debt portfolio (Project Aspen) secured entirely on Irish commercial property - to a major US investment group.

- The Project Club sale – a €250 million par debt portfolio secured mainly by a number of Irish shopping centres - completed in December 2013.

- Bids are at second round stage for another loan portfolio of €373m par debt – Project Holly – which is secured by offices, hotels and land in Dublin and Meath.

- Across the entire NAMA portfolio, the Agency has completed loan sales with a par debt value in excess of €4 billion to date. Planning is well advanced in respect of a number of other loan portfolios which are due to come to the market in 2014.

- Also on the market are two substantial asset portfolios. Final round bids have been received in respect of Project Platinum, a portfolio of four Dublin office buildings. This sale is expected to close shortly. In relation to Central Park, a portfolio of office and residential assets in Dublin, the bidding process is currently at second round stage.

- NAMA is keen to enter into joint venture arrangements to support transactional activity in the Irish market. Joint ventures which have been agreed to date include that agreed with Starwood Capital in respect of the Aspen portfolio and with Oaktree Capital in respect of land with a development potential of 50,000 square metres in Dublin’s South Docklands.

4. FUNDING

- NAMA has approved close to €1 billion in development funding for the completion of construction projects currently in progress in Ireland and to develop new projects to meet prospective supply shortages in certain sectors. €500 million of this has already been drawn down.

- NAMA is prepared to invest an additional €1.5 billion in funding for Irish projects over the next three years. This will include the construction of 4,500 new houses and apartments in Dublin, in addition to office accommodation in the city centre and investment in commercially viable retail projects. It will include significant development in the Dublin Docklands and in the other main urban centres in response to the emerging growth needs of the economy. The timing of actual drawdowns of NAMA funding, for a number of major projects, is dependent on the resolution of planning and infrastructural issues.

- NAMA has advanced €360 million in vendor finance to date, including the Project Aspen sale, and has indicated that it is willing to advance up to €2 billion in total to facilitate investment in Irish commercial property.
5. FACILITATING BUSINESS

- NAMA works closely with the IDA to identify suitable commercial properties to meet the requirements of foreign direct investment and this collaboration has produced a number of major lettings during the year. These include the decision by Facebook to move into a new 120,000 square foot Grade A office space in Grand Canal Square in Dublin, giving it the potential to double its workforce in Ireland. Other recent examples include the letting of a number of office blocks at Elm Park to the Swiss pharmaceutical firm, Novartis, and the purchase by Scottish and Southern Energy of its new corporate headquarters at Leopardstown.

- NAMA, through the deployment of working capital, is directly supporting 15,000 jobs in Ireland in trading businesses linked to its loans. The sectors involved include property, hotel and leisure, retail, healthcare, manufacturing and agriculture.

- NAMA is supporting employment in small and medium business in the retail sector through rent abatements and longer-term rent reliefs. To date, NAMA has approved rent abatements with an annual aggregate value of €18 million and long-term rent reliefs worth in excess of €40 million over the life-time of the related leases.

6. SOCIAL HOUSING

- NAMA is working closely with the Department of the Environment, Community and Local Government and the Housing Agency (which have responsibility for the provision of social housing) to facilitate local authorities and housing bodies to purchase and lease properties for social housing.

- In order to expedite the allocation of suitable units to social housing, NAMA established a Special Purpose Vehicle (NARPS) to acquire residential units from its debtors and receivers and to lease them directly to approved housing bodies.

- NAMA is engaging with all stakeholders to ensure the maximum possible delivery of properties controlled by its debtors and receivers for social housing. However, the pace at which properties are accepted by the various housing bodies and local authorities is not within NAMA’s control. The provision of housing across incomplete developments is inherently complex and requires time to resolve the various legislative, planning and compliance issues that arise. Once demand has been confirmed, NAMA works proactively through these issues with all stakeholders.

- By end-2013, 596 units were delivered under this initiative and NAMA expects that another 500 properties will be taken up by local authorities and housing bodies in 2014. Another 900 residential units could potentially be delivered in 2015/16.

- NAMA has, to date, identified almost 4,400 residential properties as being available and potentially suitable for social housing. Of these, demand has been confirmed to the Housing Agency for 2,055 properties and a further 13 are currently being evaluated, bringing the total that may potentially be deemed suitable under this initiative to 2,068.