International Corporate Restructuring Summit 2015

NAMA - delivering on its mandate and much more

2nd October 2015 | Frank Daly, NAMA Chairman
NAMA mandate
Focused on completing its mandate successfully

- Commitment to redeem a minimum of 80% of NAMA Senior Debt by end-2016 and all Senior Debt by end-2018.
- Facilitate the timely and coherent delivery of key Grade A office space, retail and residential space within the Dublin Docklands’ SDZ and Dublin’s Central Business District.
- Maximise the delivery of residential housing units in areas of most need.
Senior Bond repayments 2 years ahead of schedule

70% of NAMA’s Senior Debt repaid.

€9.1bn paid in 2014 – more than the previous 4 years combined – €7.5bn.

2 years ahead of schedule €1.75m redeemed in September 2015.

Well on the way towards meeting next major milestone – the redemption of a cumulative 80% of Senior Bonds by end-2016.

Ireland’s contingent liability arising from NAMA and IBRC liabilities has been reduced from €40bn at the start of 2013 to €9bn today.

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## March 2015 YTD Income Statement

<table>
<thead>
<tr>
<th>Description</th>
<th>March 2015 YTD</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and fee income</td>
<td>170</td>
<td>955</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(65)</td>
<td>(313)</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>105</td>
<td>642</td>
</tr>
<tr>
<td>Net profit on disposal of loans, property assets; and surplus income</td>
<td>17</td>
<td>285</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>(3)</td>
<td>(22)</td>
</tr>
<tr>
<td>Derivatives</td>
<td>(1)</td>
<td>(159)</td>
</tr>
<tr>
<td>Administration and other income / (expenses)</td>
<td>(16)</td>
<td>(98)</td>
</tr>
<tr>
<td><strong>Operating profit before impairment</strong></td>
<td>102</td>
<td>648</td>
</tr>
<tr>
<td>Impairment credit/(charge)</td>
<td>-</td>
<td>(137)</td>
</tr>
<tr>
<td><strong>Profit for the period before tax</strong></td>
<td>102</td>
<td>511</td>
</tr>
<tr>
<td>Tax credit/(charge)</td>
<td>27</td>
<td>(53)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>129</td>
<td>458</td>
</tr>
</tbody>
</table>
### Summary Balance Sheet 31 March 2015

<table>
<thead>
<tr>
<th></th>
<th>March 2015</th>
<th>Dec 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents and liquid assets</td>
<td>1,817</td>
<td>1,849</td>
</tr>
<tr>
<td>Loans and receivables (net of Impairment)</td>
<td>12,528</td>
<td>13,360</td>
</tr>
<tr>
<td>Other assets</td>
<td>420</td>
<td>363</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>14,765</td>
<td>15,572</td>
</tr>
<tr>
<td><strong>Liabilities and reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior bonds in issue</td>
<td>12,590</td>
<td>13,590</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>863</td>
<td>744</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>13,453</td>
<td>14,334</td>
</tr>
<tr>
<td><strong>Total equity and reserves</strong></td>
<td>1,312</td>
<td>1,238</td>
</tr>
<tr>
<td><strong>Equity and Liabilities</strong></td>
<td>14,765</td>
<td>15,572</td>
</tr>
</tbody>
</table>

**Strong financial position**
Success built on strong cash generation - €29bn

Cash generation = disposal receipts + non-disposal income

€29bn
€29bn in cash collected from loans to date

€23.5bn
€23.5bn in cash collected from disposal receipts

€5.5bn
€5.5bn in cash from non-disposal receipts – mainly rental income
Asset disposals
Disposals by location | 2010 - 2013

- Strategic focus on **UK disposals** during 2010 – 2013.

- **73%**: London assets accounted for **60%** of total NAMA sales proceeds, with assets in the rest of Britain accounting for a further **13%**.

- **16%**: Irish assets, by contrast, accounted for just **16%** of total sales proceeds in the same period.

- By end-2012 NAMA had sold less than €1bn in Ireland – **deliberate action by NAMA**.
Asset disposals
Disposals by location | 2014 & 2015

- Improving market conditions, increased institutional investor appetite - NAMA took **strategic decision** to steadily increase the volume of available supply from 2013 onwards.

- Step change seen in total NAMA sales proceeds: €7.8bn in 2014 - increase of €4.1 bn on 2013.

- Of the €7.8bn, **47% or €3.7bn generated from the sale of Irish properties and loans** compared to total Irish disposal receipts to end-2013 of just over €1.8 bn.

- Cumulative Irish sales now over €7.5bn.
The breakdown of NAMA's portfolio by sector underlines the diversity of the portfolio with four sectors (residential, office, land & development and retail) each accounting for more than 15% of total proceeds to date.
Asset disposals
Disposals by transaction type - loan & portfolio sales

- Upsurge in institutional investor interest in multi-asset property portfolios and loan portfolios.

- Property portfolio and loan portfolio sales an increasingly important part of NAMA’s sales mix.

- Accounted for 59% of total sales in 2014.

Disposals by transaction type since inception

- Asset Sale 70%
- Loan Sale 23%
- Portfolio Sale 7%

UK disposals by transaction type since inception

- Asset Sale 81%
- Loan Sale 19%

ROI disposals by transaction type since inception

- Asset Sale 58%
- Loan Sale 18%
- Portfolio Sale 24%
Asset disposals
Disposals by transaction type - individual sales

- The sale of individual properties an important part of NAMA’s overall sales activity.
- From inception NAMA has overseen over 9,765 individual disposal transactions involving over 40,000 individual property units.
- YTD individual asset sales have accounted for 84% of transactions in ROI.

<table>
<thead>
<tr>
<th>Transactions and property unit disposals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transactions</strong></td>
</tr>
<tr>
<td>2010</td>
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<tr>
<td>2011</td>
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<tr>
<td>2012</td>
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<tr>
<td>2013</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>2015 YTD</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

**ROI disposals by transaction type 2015 YTD**
- Asset Sale: 84%
- Loan Sale: 4%
- Portfolio Sale: 12%
NAMA’s remaining portfolio
Geographical and sectoral diversity

30 June 2015: Projected Disposal Proceeds (€15.8bn)

- Dublin (7.8) 49%
- Rest of ROI (3.3) 21%
- Rest of World (1.0) 6%
- NRE (0.3) 2%
- Rest of UK (incl NI) (0.9) 6%
- London (2.5) 16%
NAMA’s sales strategy

Key principles

- NAMA’s policy is that the sale of all loans and properties by debtors and receivers should be **openly marketed** to ensure that the best price available in the market is achieved in accordance with Section 10 of the NAMA Act.

- The marketing strategy for any given asset is determined by a range of factors, including asset class, size, value and location.

- Sales are managed by suitably **qualified, professional selling agents** with a duty of care to NAMA.

- NAMA requires proof that an **open, transparent and competitive sales process** has been undertaken before it, as the secured lender, will approve the sale and the release of its security.

- NAMA’s objective in all sales is to **ensure that the best possible price is achieved for taxpayers**.
NAMA mandate
Focused on completing its mandate successfully

Commitment to redeem a minimum of 80% of NAMA Senior Debt by end of 2016 and all Senior Debt by end of 2018.

Facilitate the timely and coherent delivery of key Grade A office space, retail and residential space within the Dublin Docklands’ SDZ and Dublin’s Central Business District.

Maximise the delivery of residential housing units in areas of most need.
The Dublin Docklands SDZ
Delivery of office accommodation a core objective for NAMA

- NAMA has an interest in 14 sites within the 20 development blocks identified in the SDZ and has developed detailed strategies for these sites.
- NAMA has an exposure to 16.74 hectares (41.25 acres) - 75% of the 22 hectares of the developable land.
- Sites have been ranked either as Tier 1 or Tier 2 based on their strategic nature and deliverability.
- Delivery options are determined on a case by case basis:
  - NAMA Funding
  - JV structures
  - De-risking mechanisms
- Estimate that up to 3.8m sq. ft. of commercial space and 2,000 apartments could be delivered in all sites.
The Dublin Docklands SDZ

Key achievements to date

1. Planning
   - Planning consent for commercial space and residential units across four sites:
     o Boland’s Mill.
     o 5 Hanover Quay.
     o 76 Sir John Rogerson’s Quay.
     o 8 Hanover Quay.
   - Planning submitted for gross commercial space, residential units and a hotel across six sites:
     o Capital Docks.
     o City Quay.
     o Spencer Dock.
     o Project Wave.
     o Exo Building, Point Village.
     o Block 5, Mayor Street.

2. QIAIF Structures
   - 16.5% investment in the South Docks Fun (5 Hanover Quay/76 Sir John Rogerson’s Quay).
   - 47.75% investment in City Development Fund (8 Hanover Quay/13-18 City Quay).
   - 15% investment in the Kennedy Wilson Real Estate Fund VIII (Capital Docks).

3. Construction
   - Development works have commenced at 8 Hanover Quay (Air BnB Pre-let) – scheduled for completion in March 2016.
The Dublin office market
An eye to the future

- Dublin office supply is highly cyclical.
- We tend to supply either a lot - or else very little!
- Lack of reliable data a key factor in market failure.
- For instance, nobody can accurately state Dublin’s net capacity to absorb office supply.
- NAMA is in the early stages of establishing, in partnership with the CSO and other parties, a Commercial Property Statistical System.
- NAMA’s Aim: To produce reliable commercial real estate data, on a permanent basis, to facilitate better planning, development, lending and investment decisions – for the benefit of the market as a whole.
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- Facilitate the timely and coherent delivery of key Grade A office space, retail and residential space within the Dublin Docklands’ SDZ and Dublin’s Central Business District.
- Maximise the delivery of residential housing units in areas of most need.
NAMA is making a very substantial contribution to housing supply. Last year alone, NAMA funded the delivery of 40% of all new housing in Dublin.

NAMA is firmly on track to meet its target of funding the delivery of 4,500 new homes in the Dublin area by the end-2016.

Since 2014, NAMA has funded the delivery of more than 1,700 new housing units across 39 sites in the Dublin area.

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<tbody>
<tr>
<td>Cumulative Target</td>
<td>1,000</td>
<td>1,750</td>
<td>2,500</td>
<td>4,500</td>
</tr>
<tr>
<td>Cumulative Units Delivered</td>
<td>1,349</td>
<td>1,841</td>
<td>2,504</td>
<td>5,000</td>
</tr>
</tbody>
</table>

- Target exceeded
- Ahead of target
Construction currently underway on more than 1,600 new units across 40 NAMA sites in the Dublin area which will be delivered by end-2016.

Planning approval in place for a further 1,400 units which will be delivered by end-2016 – construction on most will have commenced by the end of this year.

In addition to the 4,500 units targeted for delivery by end-2016, NAMA is also working with local authorities, developers and receivers to secure planning permission and remove obstacles to development for sites which can deliver more than 20,000 units in the Greater Dublin area in the period after 2016.

NAMA does not hoard residential development sites. In the Greater Dublin area (Dublin, Louth, Meath, Kildare and Wicklow), it has sold 69 residential zoned sites over the past 18 months – these have potential to deliver over 11,000 units.
Social housing delivery

6,565
Identified by NAMA

4,044
No Longer Under Consideration

2,521
Demand Confirmed

0
Demand to be determined

1,574
Sold or let

1,518
Contracted/delivered

2,470
Deemed unsuitable or no demand

552
Terms agreed/in active negotiation

451
Pre-appraisal

- NAMA has invested over €40m to make properties ready for social housing.
- 2,000 to be delivered by end-2015.
Social housing delivery

Map illustrates the full schedule of properties delivered for social housing by NAMA via an approved housing body or local authority to end-2014.

Social housing delivery in Dublin

<table>
<thead>
<tr>
<th></th>
<th>Identified</th>
<th>Demand Confirmed</th>
<th>Delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dublin City</td>
<td>828</td>
<td>399</td>
<td>377</td>
</tr>
<tr>
<td>Dún Laoghaire-Rathdown Co. Co.</td>
<td>321</td>
<td>132</td>
<td>93</td>
</tr>
<tr>
<td>Fingal Co. Co.</td>
<td>270</td>
<td>105</td>
<td>60</td>
</tr>
<tr>
<td>South Dublin Co. Co.</td>
<td>581</td>
<td>121</td>
<td>113</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2000</strong></td>
<td><strong>757</strong></td>
<td><strong>643</strong></td>
</tr>
</tbody>
</table>
Key messages

PROFITABLE
Four years in a row

ON TARGET TO REDEEM
80% SENIOR BOND
DEBT
by end-2016

DRIVING HOUSING
DELIVERY
4,500 new homes by
end-2016

DRIVING SDZ
DEVELOPMENT
Questions
Miller’s Glen, Swords, Co. Dublin

Forest Hill, Carrigaline, Cork