

NAMA Form A process

A Borrower should submit a signed Form A to their NAMA portfolio manager (with supporting information) prior to any action in relation to a NAMA secured asset.

For all Form As, the Borrower should make a clear recommendation. The Form should be well presented and contain sufficient information to enable NAMA to readily understand the background, the underlying debt and security, the nature of the proposal and the merits/arguments for the proposal with particular reference as to how it enhances or protects NAMA's underlying assets. The Form A should be written in such a way that NAMA can analyse the salient information and make a decision without having to revert to the preparer for further information.

Forms should be scanned and submitted to a portfolio manager/bank with the relevant signatures. For clarity, information should be typed and not hand written. It is required that the Borrower submit the word document to the relevant Institution with a scanned copy of the signature.

All rental income and asset disposal proceeds should be used in full for debt servicing. NAMA is prepared to allow certain deductions where it can be demonstrated that they are necessary to maintain or enhance an asset (asset management) or achieve a sale. Typical Form A requests in relation to charged assets include an asset sale proposal, an asset management proposal in relation to the use of rental income, an asset management proposal in relation to an amendment to rental income.

The principles established for the use of rental income apply to a new money request where rental income is not available to the Borrower. In this case a new facility agreement is required.

A substantial new money request requires a significant level of supporting information and the details of such should be discussed in advance with a NAMA portfolio manager. It is difficult to provide guidance as to what is required in each case and so a substantial new money request is not the subject of this note.

The following is illustrative of the typical information required to facilitate timely decision making by NAMA. Each application should consist of (i) a proposal to NAMA, (ii) a description of the asset and the agreed business plan strategy (iii) confirmation that the course of action optimises the realisable value of the asset, where relevant and (iv) confirmation that the transaction is not to a connected party, as defined in the NAMA Act 2009.

A: Asset Sale proposal for a NAMA secured property

- Outline the agreed or proposed terms of sale, including a breakdown of the proposed Gross to Net realised value. Comment on sales value offered relative to expectations and the market. List clearly all deductions to be sought including sales agent and legal fees.

- Describe the property, be consistent with the description in the Debtor Business Plan. Outline if the sale is in line with or a departure from the agreed Debtor Business Plan strategy in terms of timing and value.
- Any request received to approve a sale and release bank security, should prove that the value of the asset is being optimised, when measured against any other alternative property strategy, e.g hold the property or lease the property.
- Confirm that the purchaser is not connected to the Borrower; include a confirmation letter from Borrower's solicitors.

For all sales requests, the Form A should be accompanied by a signed copy of a letter from the sales agent with the following:

- Confirmation of a duty of care to NAMA
- A brief summary of the sales campaign to include start date, process, number of viewings and marketing initiatives undertaken
- A list of current offer(s) (amounts, person, quality/analysis of bids)
- Any conditions attached to the offers and an analysis of these conditions
- Rationale as to why the offer price is the maximum available in the market, to include market comparisons
- Proposals to maximise offers and convert to sale
- List of deductions and fees sought
- Profile of the prospective purchaser.

B: Asset Management proposal – e.g. consent to utilise rental income to pay property management costs on a NAMA-secured property

- Summarise the proposal including the sums required and the rationale behind each item of expenditure. State whether the amounts subject to the proposal can be referenced to an original property specific invoice or quote.
- Describe the property, be consistent with description in Debtor Business Plan. Outline whether the expenditure is consistent with the agreed Debtor Business Plan strategy.
- Confirmation of compliance with agreed rental control procedures, consult with portfolio management if unsure what these procedures are.
- Confirmation that alternative sources of funds are not available.
- The borrower should summarise the efforts undertaken to minimise the cost of the proposal, including where possible an open tender for the work. A clear and concise commentary on the benefit of such action and the risk of not taking such action should be included.
- Outline whether the Borrower is connected to the service provider.

C: Asset Management proposal – e.g. Amendment to lease income on a NAMA-secured property

Typically this will include a proposal for a new lease or a variation/compromise to an existing lease.

- Provide a concise summary of the proposal and the commercial rationale behind it.
- Describe the property, be consistent with description in Debtor Business Plan. Outline whether the amendment is consistent with the agreed Debtor Business Plan strategy.
- Confirmation of compliance with agreed rental control procedures, consult with portfolio management if unsure what these procedures are.

For all such requests, the Form A should be accompanied by a signed copy of a letter from the Managing Agent / Borrower (if a Managing Agent has not been appointed) with the following:

- Confirmation of a duty of care to NAMA from the Agent
- Confirmation that the letting / rental abatement request is an arm's length commercial decision that will maximise / protect the investment value of the secured asset. Support confirmation with market evidence and verifiable market comparisons.
- For new lettings, a brief summary of the current marketing campaign.
- A copy of the Heads of Terms between the Borrower and the tenant with confirmation that all terms agreed between the parties have been documented therein.
- Be clear in terms of the proposed occupant name (legal entity) and type of business. Assess the strength of the covenant, include supporting references and financial information as appropriate.
- List of deductions and fees. Any expenditure should be referenced to an original property specific invoice or quote. Identify Borrower legal contacts.
- Confirmation of compliance with planning regulations / restrictions.
- Outline the impact of the decision on total rental income generated by the asset and consequent asset valuation.

Head of Terms typical items expected:

- Parties to the lease and Property subject to the lease
- A summary of the terms (i) rental income with per sq ft information (ii) maturity (iii) break options (iv) review period (v) repairing obligation and insurance details
- Details of inducements or concessions such as rent free periods, tenant fit-out arrangements (in particular landlord allowance), allocated parking spaces, other landlord contributions
- Details of service charge arrangements
- Details on rental guarantees provided by the tenant
- For turnover rent proposals include sales projections with supporting information
- Outline any conditions attached to the proposed lease including exclusivities