

## **NAMA increases its projected lifetime surplus to €3 billion; reports 2016 profit of €1.5 billion**

- *Remaining senior debt of €500m (2% of original €30.2 billion) expected to be eliminated by end-2017*
- *Strong progress in residential delivery, Dublin Docklands and social housing*
- *NAMA deleveraging made significant contribution to reducing Irish government borrowing costs*

**Thursday 1<sup>st</sup> June 2017**

The National Asset Management Agency (NAMA) has today published its Annual Report and Financial Statements for 2016.

NAMA reported an **after-tax profit of €1.5 billion** for 2016 – its sixth consecutive year of profitability – and has increased its projected lifetime surplus, subject to market conditions prevailing, to €3 billion (previous forecast €2.3 billion).

### **Annual Report – key points:**

During 2016, NAMA generated **€5.4 billion** in cash, including **€5.0 billion** realised from the sale of loans and property.

NAMA's strong cash generation allowed it to redeem senior debt totalling **€5.5 billion** during 2016.

This, coupled with further debt redemptions in early 2017, means that NAMA has now redeemed **€29.7 billion, 98% of the €30.2 billion of senior debt originally issued.**

It is expected that the residual senior debt- €500m (€360m AIB, €90m BOI, €50m PTSB) – will be redeemed by the end of 2017.

NAMA adopted a target of funding the delivery of 4,500 homes on a commercial basis by the end of 2016; some 4,700 homes were delivered. NAMA remains committed to facilitating and funding much-needed housing delivery in the period to 2020.

## **Residential Delivery**

The report sets out the progress that has been made:

- Between the start of 2014 and end-March 2017, NAMA had funded the construction of **4,840 new homes**;
- Another **2,064 units are under construction** and **funding has been approved** for an additional **1,114 new homes** which have received planning permission but are not yet under construction;
- **Planning permission** has been obtained for another **7,475 new homes**;
- **Planning applications** have been lodged or will be lodged over the next twelve months for an additional **10,500 new homes**.

## **Dublin Docklands SDZ – 4m sq. ft. commercial space and 2,000 residential units**

The report sets out the progress that has been made:

- **Construction has started** on sites that will deliver 1.8m sq. ft. of commercial accommodation and some 230 apartments;
- **Planning permission has been obtained** for an additional 756,000 sq. ft. of commercial accommodation and some 350 new homes;
- **Pre-planning work is being advanced** for an additional 760,000 sq. ft. of commercial accommodation and some 860 new homes;
- **Construction has completed** on 47,500 sq. ft. of commercial accommodation and the completed development has been let and sold;
- **Sites with planning permission** for 650,000 sq. ft. of commercial accommodation and 650 residential units have been sold.

- By end-March 2017, **82% of NAMA's original interests** in the original Docklands SDZ was under construction, had received planning permission or had been sold with the benefit of planning permission.

**Key financial information:**

- Total cash generated from 2010 to end-2016 was **€38.1 billion**, including **€32.2 billion** from asset disposals.
- NAMA reported its second full-year impairment write-back - a **credit of €282m** (2015: €86m).
- Administrative expenses **fell 28%** to €80m.

**Annual Report – other key points include:**

- Social housing – Over **2,300 homes** successfully delivered for social housing by end-2016, with over **€300m** invested in the repair and purchase of homes which have been leased or sold to approved housing bodies and local authorities.
- Unfinished Housing Estates – reduced from 332 in 2010 to **11** as at end-March 2017.
- NAMA continues to work closely with IDA Ireland and other State agencies in identifying suitable properties for Foreign Direct Investment.

**NAMA Chief Executive Brendan McDonagh said:**

*“2016 represented a year of major achievement for NAMA and the sixth year in a row in which we reported a profit.*

*We have raised our projected terminal surplus from €2.3 billion to €3 billion on the assumption that conditions in the Irish property market will remain supportive over the years to 2020. It is important to emphasise that achievement of this surplus will depend on our ability to extract maximum value from the residual portfolio which is secured by many low-value assets which require extensive workout.*

*Our strong cash performance since 2014 has enabled us to redeem our senior debt well ahead of schedule. It has also enabled us to facilitate and fund viable commercial projects in the Dublin Docklands and the delivery of almost 5,000 homes over the past three years.”*

**NAMA Chairman Frank Daly said:**

*“Later this year, NAMA will redeem the last €500m of its original €30.2 billion of senior debt. Elimination of this State-guaranteed contingent liability for Irish taxpayers is a significant achievement for NAMA and one that few thought possible when NAMA was established in late 2009. More importantly it is a significant plus for our country. The progress that was made in reducing our senior debt by two-thirds (€20 billion) over the past three years contributed enormously to a stabilisation and reduction in the funding cost of Ireland’s debt.*

*NAMA’s principal focus over the coming years is to maximise the delivery of new homes on a commercial basis from sites controlled by our debtors and receivers and to facilitate commercial and residential development in the Docklands SDZ.”*

Financial Highlights 2016	2016 €m	2015 €m	From Inception to end-2016 €m
<b>Cash Generation</b>			
<b>Total cash generated</b>	<b>5,399</b>	<b>9,093</b>	<b>38,138</b>
Disposal receipts	5,025	8,543	32,195
Non-disposal income	374*	591	5,381
<b>Senior Bond Repayments</b>			
<b>Senior bonds redeemed</b>	<b>5,500</b>	<b>5,500</b>	<b>27,600</b>
<b>Profitability</b>			
Operating profit before impairment	1,386	1,769	
Impairment credit	282	86	
Profit for the year before income tax	1,667	1,854	
Tax charge	(164)	(28)	
<b>Profit for the year after income tax</b>	<b>1,503</b>	<b>1,826</b>	
<b>Financial Position</b>			
Cash and cash equivalents and liquid assets	2,165	3,402	
Total loans and receivables (net of impairment)	3,919	7,816	
Senior bonds in issue	2,590	8,090	
Equity, reserves and liabilities	7,336	11,566	

\*Includes non-disposal income from loans of €342m and distributions from equity investments of €32m.