



**National Asset
Management Agency**

2014 Annual Report and Financial Statements

27 May 2015

www.nama.ie



**National Asset
Management Agency**

NAMA Financial Review 2014

NAMA Key Financials

Performance in 2014 and to May 2015

Profitable

- Profit after impairment and tax of **€458m** (2013: €214m).
- 2014 impairment charge of **€137m** (2013: €914m).
- Cumulative impairment provision from inception to end-2014 to €3.5 billion (21% coverage).

Cash Generation

- NAMA ended 2014 with cash balances and liquid assets of **€1.8 billion (currently €1.55 billion)**.
- Total cash generated from inception to 22nd May 2015 was **€26.6 billion**.
- In 2014 NAMA generated **€8.6 billion** in cash through disposal activity which includes non-disposal income of €0.8 billion.

Asset Sales

- In 2014 NAMA realised proceeds of €7.8 billion from the sale of loans and property and other assets.
- Total sales proceeds from inception to 22nd May 2015 was €21 billion.

NAMA Key Financials

Performance in 2014 and to May 2015

Development Funding

- NAMA has approved over €1.6 billion in development funding for projects in Ireland. Over €1 billion of this has already been drawn down.
- NAMA is committed to advancing up to €3 billion on a commercial basis if required to meet demand.

Rate of Return

- The Board approved an Entity Return on Investment (EROI) target benchmark of **20%**.
- The EROI return as at end-2014 is **24%**.

Senior Debt Redemption

- €16.6 billion or 55% by end-2014.
- €1.75 billion redeemed today.
- €19.35 billion or 64% by end-May 2015.
- Target is €24 billion or 80% by end-2016.

NAMA Key Financials

2014 Income Statement

	2014 €m	2013 €m
Interest and fee income	955	1,335
Interest expense	(313)	(375)
Net interest income	642	960
Net profit on disposal of loans, property assets; and surplus income	285	505
Foreign exchange	(22)	(89)
Derivatives	(159)	(54)
Administration and other income / (expenses)	(98)	(124)
Operating profit before impairment	648	1,198
Impairment charge	(137)	(914)
Profit for the year before tax	511	284
Tax charge	(53)	(71)
Profit for the year	458	213

NAMA Key Financials

Summary Balance Sheet 31 December 2014

Summary Balance Sheet	2014	2013
	€m	€m
Assets		
Cash and cash equivalents and liquid assets	1,849	4,400
Loans and receivables (net of Impairment)	13,360	31,314
Other assets	363	511
Total assets	15,572	36,225
Liabilities and reserves		
Senior bonds in issue	13,590	34,618
Other liabilities	744	797
Total liabilities	14,334	35,415
Total equity and reserves	1,238	810
Equity and Liabilities	15,572	36,225

NAMA Key Financials

Summary of cash flow from inception to date

	2010	2011	2012	2013	2014	2015 to date	From inception
	€m	€m	€m	€m	€m	€m	€m
Opening Cash/Cash Equivalents/Collateral	-	837	3,847	3,643	4,005	1,849	-
Inflows	1,014	5,085	4,505	4,480	8,562	2,976	26,622
Outflows	(177)	(2,075)	(4,709)	(4,118)	(10,718)	(3,277)	(25,074)
Closing Cash/Cash Equivalents/Collateral	837	3,847	3,643	4,005	1,849	1,548	1,548

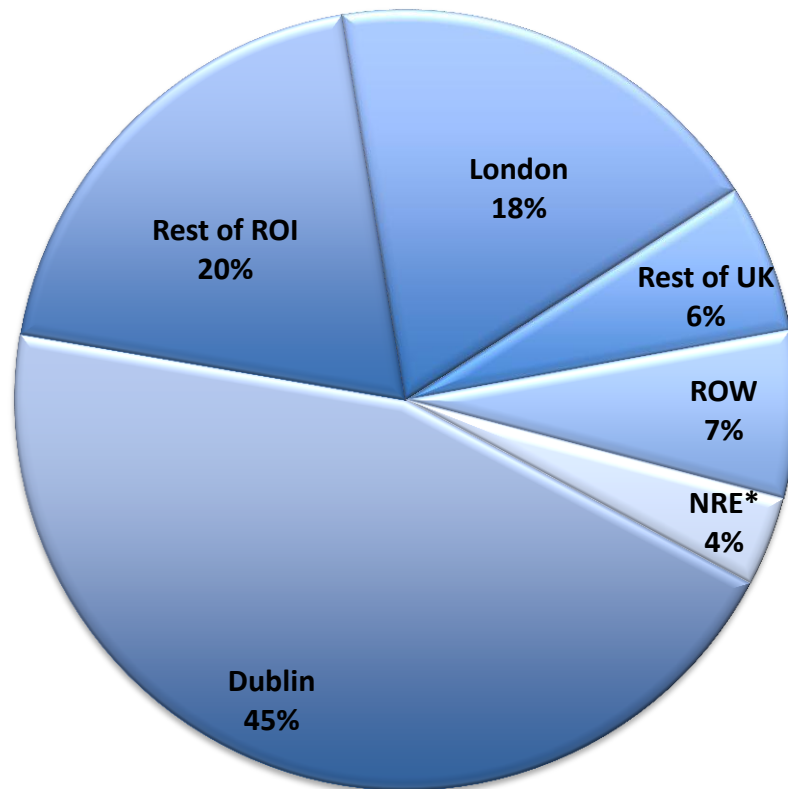


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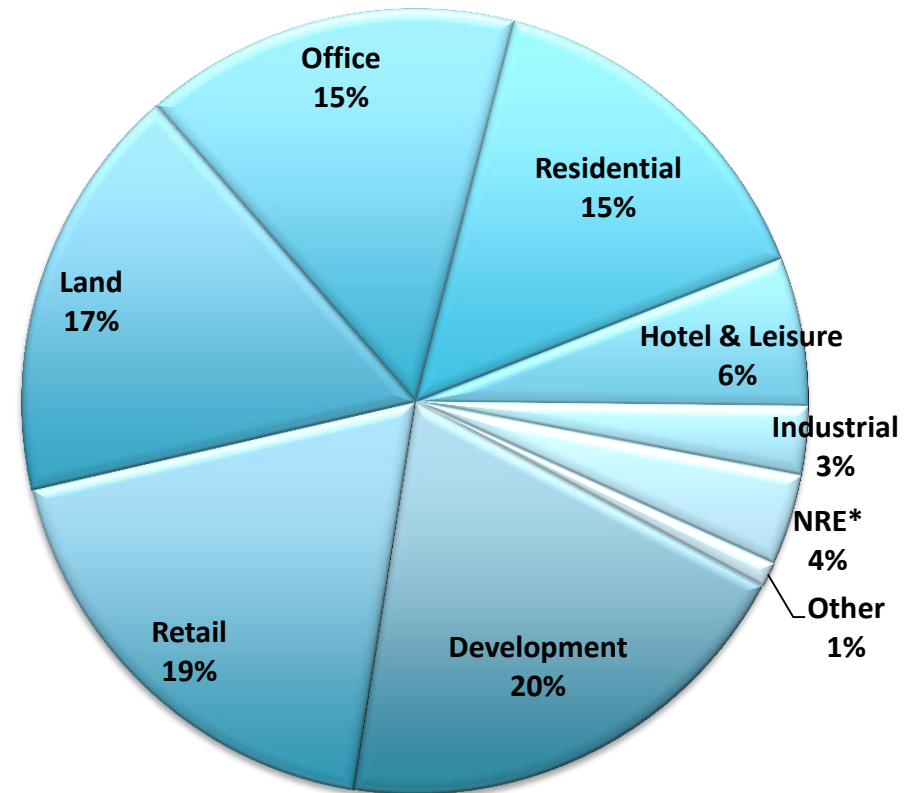
NAMA Portfolio 31/12/14

NAMA retains diverse portfolio interests by location and asset sector (31/12/2014)

Breakdown by location



Breakdown by asset sector

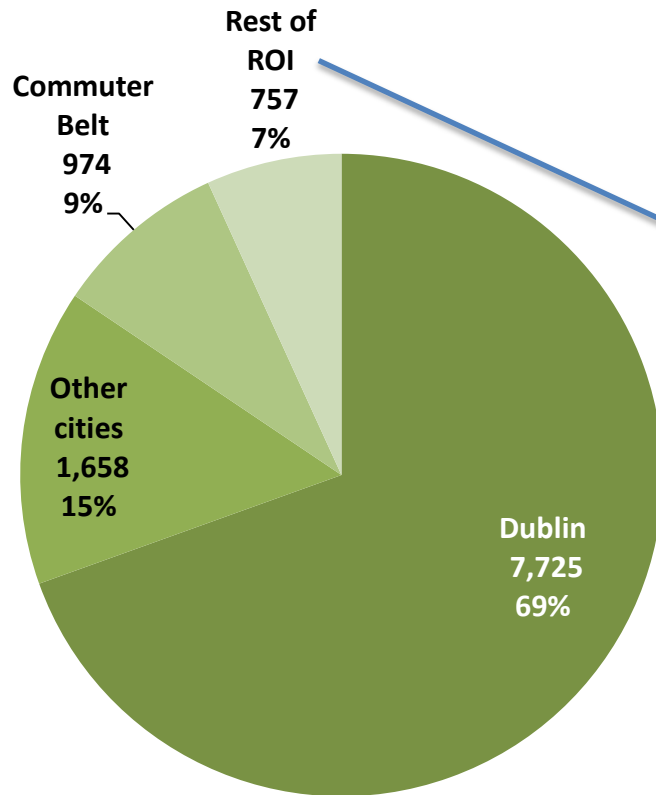


*NRE: Non Real Estate

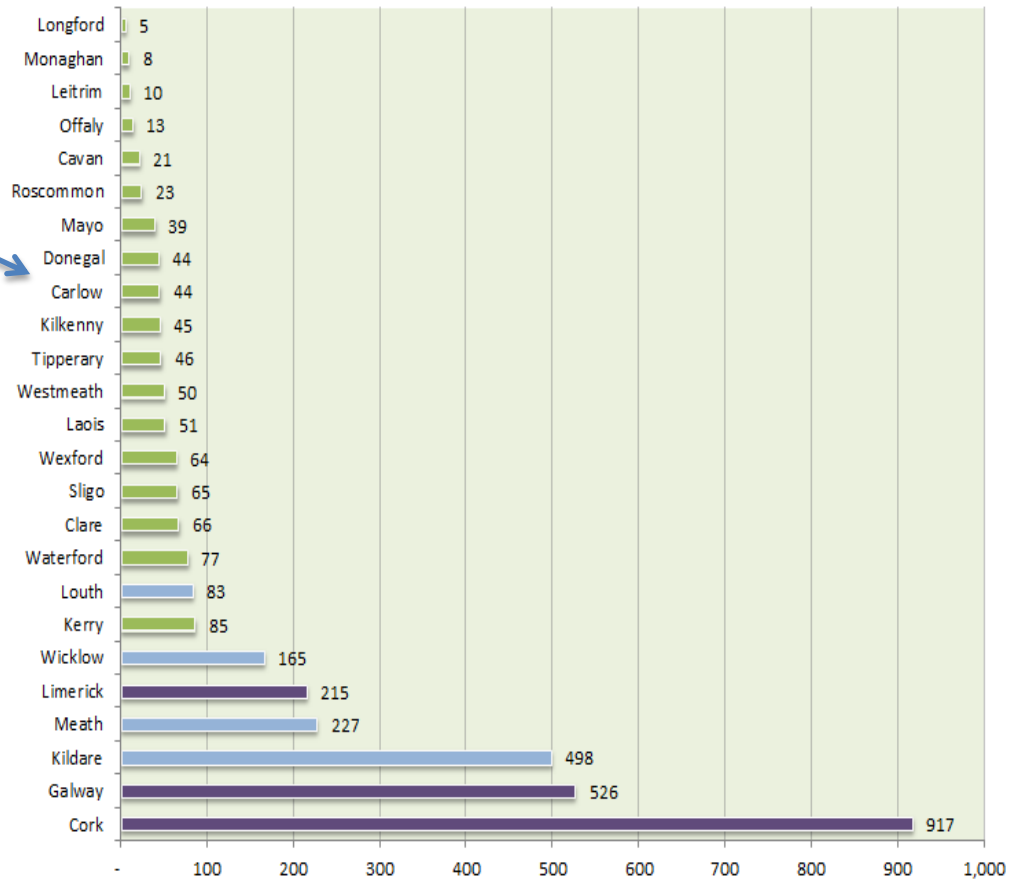
Urban-centric profile of Irish assets aligns with current investor interest

Ireland by county (31/12/14)

Remaining Irish Portfolio (€11.1bn)



Irish Portfolio by County (excl. Dublin)





**National Asset
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NAMA Objectives

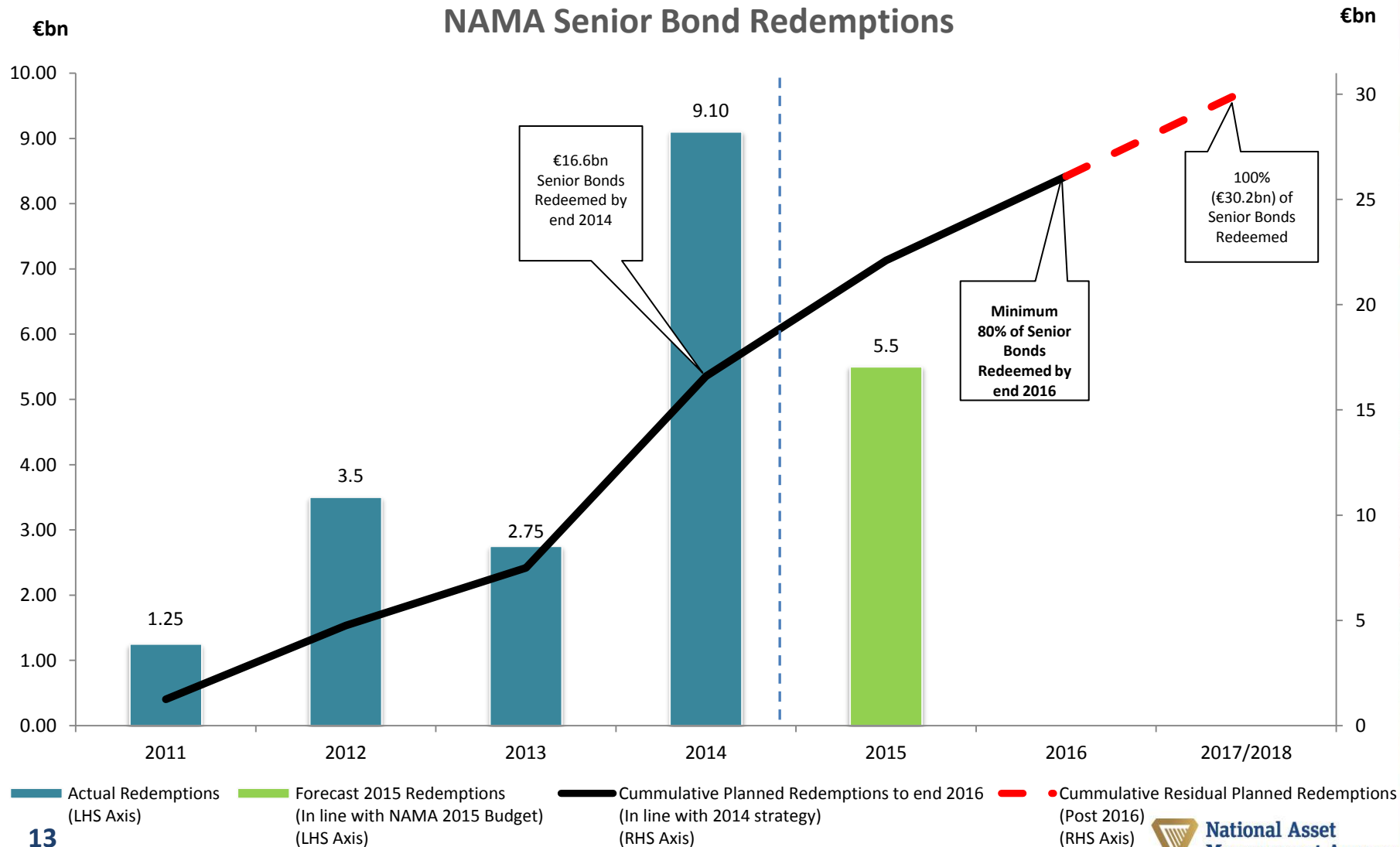
Core Strategic Objectives set by the Board

1. Commitment to redeem a **minimum** of 80% of NAMA senior debt (€24bn) by **end-2016**. Aims to redeem 100% (€30.2bn) of senior debt by end-2018 and to redeem subordinated debt by March 2020.
2. Manage assets intensively and invest in them to optimise their income-producing potential and disposal value.
3. Facilitate the timely and coherent delivery of **Key Grade A office, retail and residential space** within the Dublin Docklands Strategic Development Zone and Dublin's Central Business District.
4. Provide funding to facilitate completion of **4,500 new residential units** in the Dublin area in the period to the end-2016 and ensure additional new supply can be delivered as expeditiously as possible thereafter, particularly in Dublin.
5. Seek to make a positive social and economic contribution across the broad range of its activities.

Achieving Strategic Objectives

1. Senior Bond repayments 2 years ahead of schedule

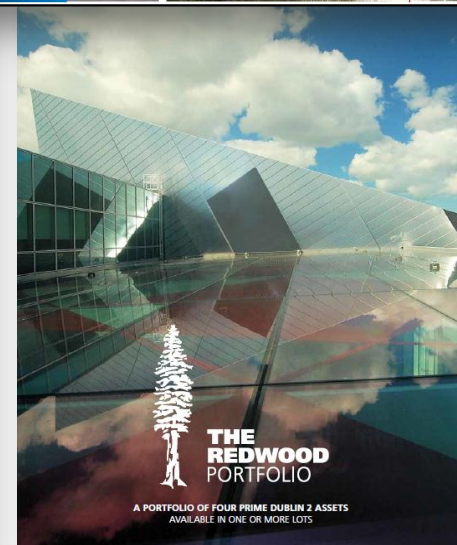
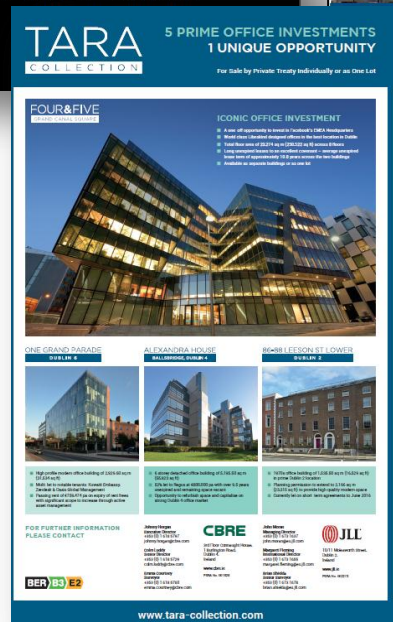
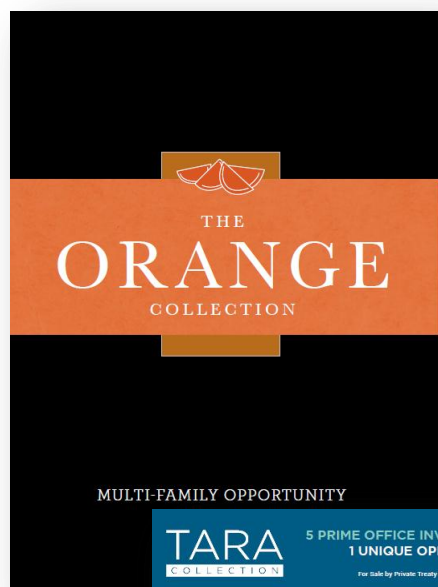
NAMA Senior Bond Redemptions



Achieving Strategic Objectives

2. Cash generation through portfolio and loan sales

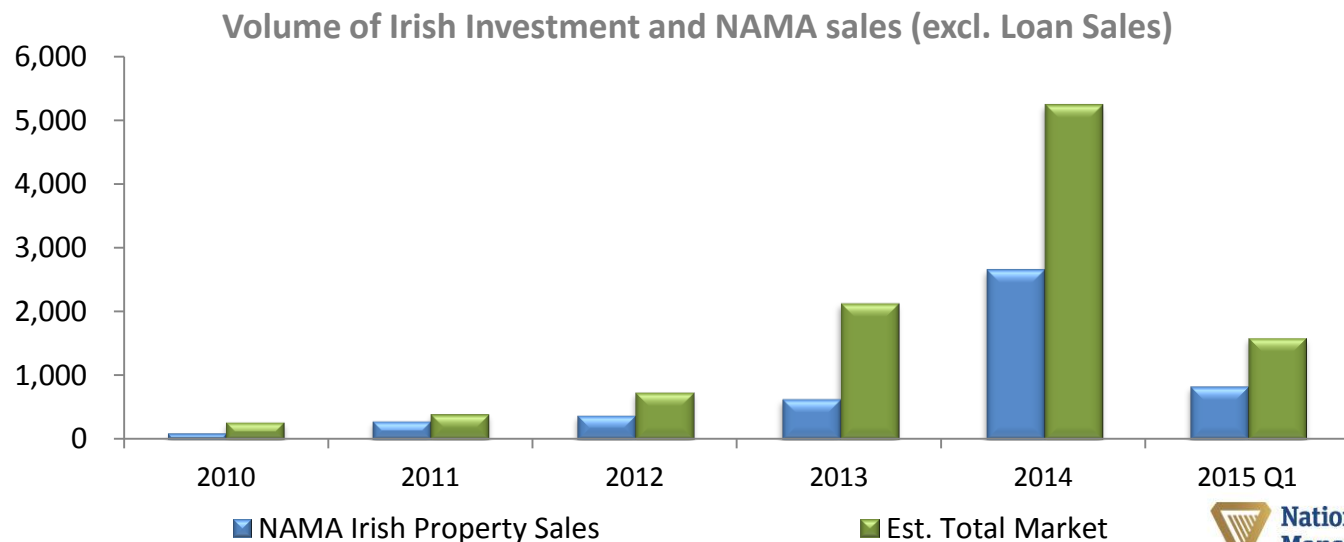
- Property portfolio and loan portfolio sales an increasingly important part of NAMA sales mix.
- In 2014 portfolio and loan sales accounted for **63% of Irish sales** and **59% of total sales by NAMA**.
- Disposal receipts of **€7.8bn** generated in 2014.



Achieving Strategic Objectives

2. Phased and orderly approach – Irish market

- NAMA's phased release of assets in Ireland in 2010-12 - in line with market demand - has made a major contribution to Irish market recovery.
- Initially, a low volume of strategically chosen assets were released to the market to elicit investor interest and price discovery. By end-2012 NAMA sold less than €1 billion in Ireland.
- As investor interest and confidence in the Irish property market grew, NAMA steadily increased the volume of available supply from 2013 onwards – cumulative sales now over €6 billion.



Achieving Strategic Objectives

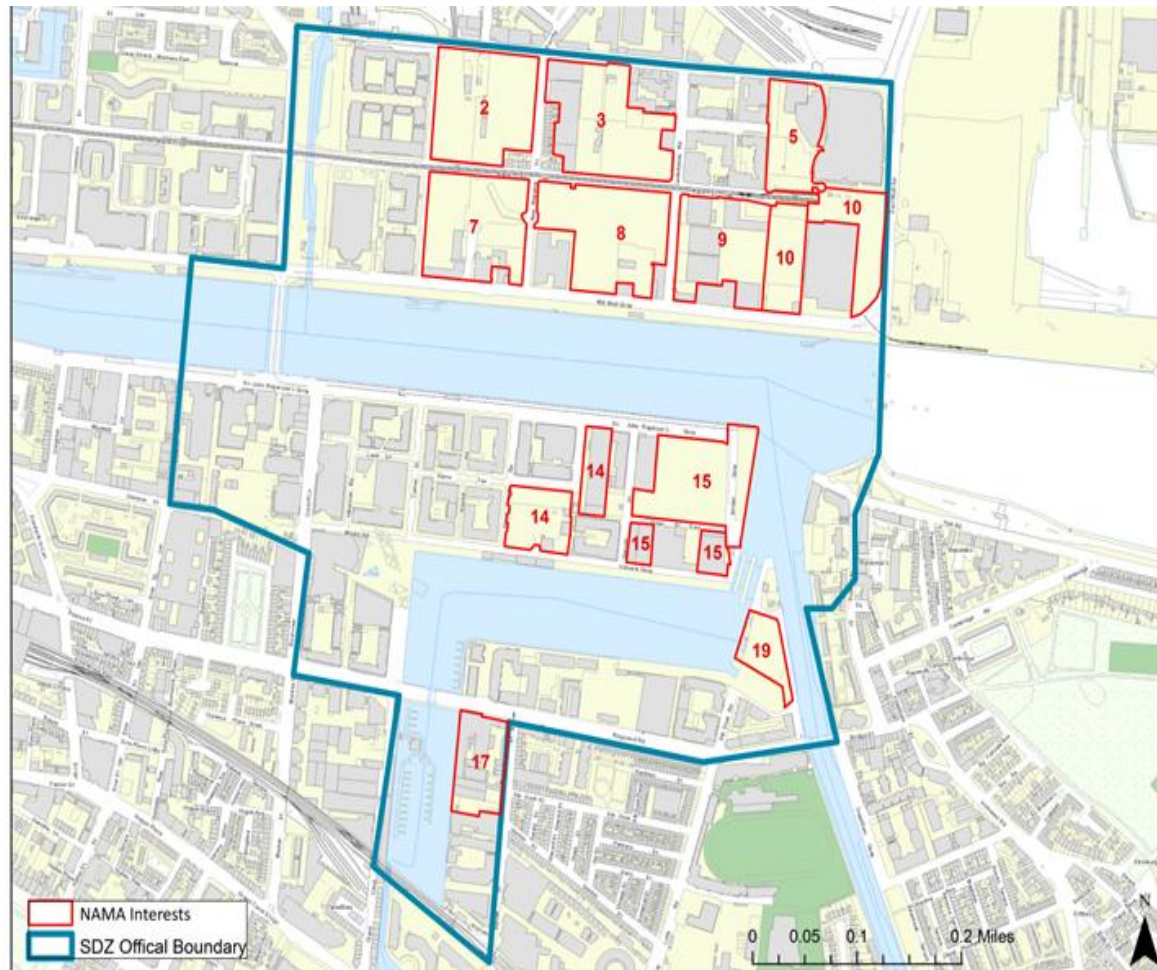
3. Dublin Docklands SDZ



- Overall Business Plan
- Dedicated SDZ delivery team
- Joint venture register
- Number of initiatives already underway

Achieving Strategic Objectives

3. Dublin Docklands SDZ



SDZ blocks in which NAMA has an interest:

- Block 2 – Spencer Dock
- Block 3 – Mayor St / Castleforbes St
- Block 5 – Mayor St / Sheriff St
- Block 7 – Spencer Dock
- Block 8 – North Wall Quay “Project Wave”
- Block 9 - North Wall Quay
- Block 10 – Wintertide and Point Village
- Block 14 – Hanover Quay & Sir John Rogerson’s Quay **[planning granted]**
- Block 15 – 6-8 Hanover Quay **[under construction and let]**
- Block 15 – 10-12 Hanover Quay
- Block 15 – Britain Quay **[planning submitted]**
- Block 17 – Boland’s Mill **[planning submitted]**
- Block 19 – Waterways Ireland

Achieving Strategic Objectives

3. Dublin Docklands SDZ



Boland's Mill

- NAMA is facilitating the development of the landmark **Boland's Mill** site in Dublin's south Docklands.
- Shareholder in the **South Docks Fund**. Planning application approved for development of over **450,000 sq. ft. of office and residential accommodation**.
- Shareholder in the **City Development Fund with Oaktree** which has begun the construction of a new building, comprising **50,000 sq. ft. of office space**. The building is entirely pre-let to Airbnb.

- NAMA is also a shareholder in another **QIAIF Fund with Kennedy Wilson** which submitted a planning application in April 2015 to Dublin City Council seeking permission to develop **313,000 sq. ft. of office space and 204 apartments** in the Dublin docklands.
- Oxley Holdings Limited is NAMA's preferred bidder for a key site located at **72-80 North Wall Quay – Project Wave**.



Project Wave

Achieving Strategic Objectives

4. Residential Delivery

- Dedicated Residential delivery team.
- Driving delivery of NAMA's commitment to provide funding to facilitate the **completion of 4,500 new residential units in the period to the end-2016.**
- NAMA **exceeded the end-2014 delivery target of 1,000 units.**
- Target is to deliver **another 1,500 units in 2015** with the residual to be delivered in 2016.



Coill Dubh, Malahide, Co. Dublin – NAMA funding 74 units



Maoilin, Ballymoneen Rd, Galway – NAMA funding 73 units

Achieving Strategic Objectives

4. Residential Delivery – NAMA activities in the Greater Dublin area

1. Funding

As part of NAMA's end-2016 delivery target of 4,500 units, **1,600 residential units delivered to date.**

2. Asset management

Major progress is being made in securing planning permission for additional housing:

- **Planning permission has been secured for another 5,800 units, 2,400** of which are under construction.
- In addition, planning permission has been sought or will be sought in 2015 **for another estimated 4,300 units.**
- **Another estimated 13,600 units** are at the pre-planning assessment stage with planning to be submitted after 2015, if commercially viable.

3. Site sales

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 **10,300 units.**

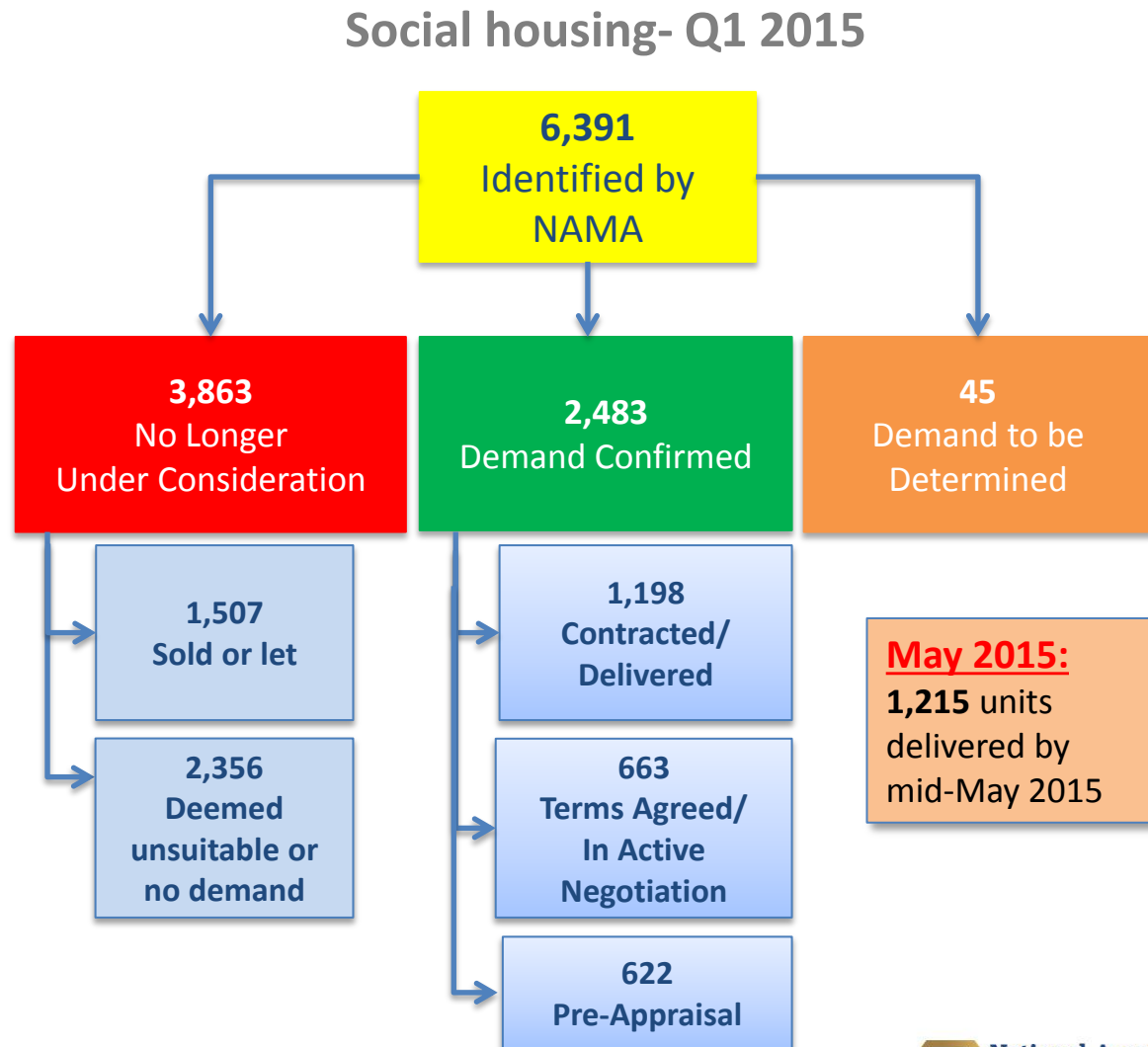
4. Sale of sites under license

In a small number of cases, NAMA Receivers have sold sites under license i.e. the purchaser must commit to developing the site within a given time period. If this approach works well on a number of pilot projects, it is likely to be adopted more extensively in the future.

Achieving Strategic Objectives

5. Social and economic contribution

- NAMA is facilitating delivery of social housing.
- NAMA exceeded target of delivering 1,000 homes for social housing by end-2014.
- Target is to deliver an **additional 1,000 units in 2015**, subject to local authorities and housing bodies.



NAMA Looking Forward

- Subject to market conditions and consistent with its Section 10 obligations, NAMA is committed to redeeming at least 80% of Senior Debt (€24bn) by end-2016
- NAMA will continue to **satisfy substantial international and domestic investor demand** through portfolio and loan sales assuming that it can continue to achieve strong pricing
- NAMA will also focus on facilitating new supply of **high quality office and residential property**

- ✓ **State's contingent liability significantly reduced** – currently €10.8 bn from a potential €43bn at time of IBRC's liquidation in February 2013
- ✓ **NAMA focused on completing its mandate successfully**



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