

The Committee agreed that the action items created at the meeting would be inserted into the Headline Report and where relevant the Headline Report would indicate where items have been brought forward from a previous meeting (as 'BF').

10. Committee Work Plan 2012

Matter For Information

A document entitled '*Northern Ireland Advisory Committee Workplan – as at 12th March 2012*' was circulated prior to the meeting and presented to the Committee, which noted the contents of same.

The Secretary updated the Committee on progress with respect to the Committee's agreed work plan for 2012. The items considered at the meeting had been marked complete, while a number of small sequencing changes were made to align Committee consideration of certain issues with Board consideration (e.g. ToR), and with meeting dates scheduled for Belfast.

11. AOB

11a. Committee Update to Board

A document entitled '*Northern Ireland Advisory Committee Update to Board For the Period 1st Oct 2011 to 31st Dec 2011*' was circulated prior to the meeting and presented to the Committee, which noted the contents of same, and its consideration by the Board on 8th March 2012.

11b. NAMA Strategy

The Chairman informed the Committee that the draft NAMA Strategy had been reviewed by the Board at its meeting on 8th March 2012 and was virtually complete, although the matter of publication remained to be confirmed. The Chairman further thanked the external members for their input to the draft with respect to NI via a conference call on 28th February 2012.

11c. Social Housing Model

Ronnie Hanna advised the Committee that the social housing model had been appraised by the NAMA Corporate Finance Team and it was agreed that a

meeting between Iain Lees and the Corporate Finance team would be arranged, in order to tease out some further aspects.

11d. Annual Report 2011

Jonathan Milligan advised the Committee that he will be drafting the NI section of the Annual Report 2011 and that if members of the Committee had any specific issues they would like to see highlighted, that they should forward them to him.

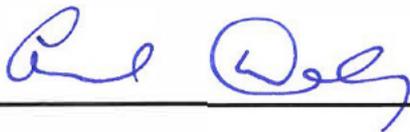
11e. Northern Ireland Housing Executive

Brian Rowntree advised the Committee that the NI Housing Executive's latest report on Housing Trends in NI will be published shortly and that he will circulate a copy to the Committee. He advised that the report will express particular concern regarding the private residential rental market in light of the impact of social welfare cuts in NI, which itself will have an impact on new house build numbers.

11f. External Members of the Committee

The Committee noted that the terms of membership of the two external members are due to expire in April 2012. The Chairman advised that consultation had yet to take place with the Minister for Finance in Dublin and Minister for Finance & Personnel in Northern Ireland with regards to re-appointment or otherwise. He took the opportunity, on behalf of the Committee, to thank the two external members for their time and valuable contribution to the Committee over the two years since their appointment.

There being no other business the meeting concluded at 12.30 pm.



Frank Daly, Chairman

18th June 2012

NORTHERN IRELAND ADVISORY COMMITTEE

Second Meeting of 2012: 18th June 2012, 10:45 am - 1:00 pm

Northern Ireland Housing Executive Head Office, Adelaide Street, Belfast

Attendance:

Committee members:

Frank Daly	Chairman, NAMA Board Chairman
Frank Cushnahan	External Member
Ronnie Hanna	Executive
Brian Rowntree	External Member
Willie Soffe	Board Member

Invitees:

Tom Ward, Secretary
 Professor Jim Berry, UUJ – item 9 only
 Dr Martin Haran, UUJ – item 9 only
 Dr. Michael McCord, UUJ – item 9 only
 Dr David McIlhatton, UUJ – item 9 only
 Jonathan Milligan, Senior Divisional Manager, NAMA

Apologies:

Eilish Finan	Board Member
Brian McEnery	Board Member

The Chairman welcomed the Committee members to the second meeting of 2012. It was noted that the meeting had been duly convened and that a quorum was present. The agenda was also noted.

The Chairman, on behalf of the Committee, congratulated Mr. Cushnahan and Mr. Rowntree on their re-appointment to the Northern Ireland Advisory Committee for a second term up to April 2014, following the Board's decision of 10th May 2012 and prior consultation with Minister Noonan and Minister Wilson.

The Chairman thanked both of the external members for their acceptance of the appointment and willingness to continue to provide a valuable contribution to the work of the Committee and NAMA in Northern Ireland. The Chairman advised that a statement would issue from NAMA later in the day welcoming the re-appointments.

Items Considered: (Note: item sequencing reflects the order of consideration)

1. Disclosure of Interests

Brian Rowntree disclosed a potential conflict of interest with respect to an issue to be considered under item 5b and declared that he would take no part in the discussion related to same.

2. Minutes of the Previous Meeting

Matter for Approval

Committee Paper: *Draft Minutes of the Meeting of 12th March 2012*

The Committee **agreed** the minutes of the meeting of 12th March 2012.

3. Matters Arising

3a. Stakeholder Engagement Plan

This matter was dealt with under item 5a.

3b. Letters to Northern Ireland Party Leaders

As previously agreed by the Committee, letters signed jointly by the Chairman and CEO were sent to each of the main political party leaders in Northern Ireland¹ on 14th June 2012, advising of the appointment of Martin Whelan as Head of Relationship Management, and advising that MLAs, MPs and MEPs should feel free to contact Martin in his role. It also reminded them of the dedicated nir@nama.ie email address, and that the Chairman and CEO are always available to engage with the respective Leader and his/her Minister in the Executive, where relevant, at any time to brief them on NAMA's work in Northern Ireland.

3c. External Members

This matter had been addressed at the outset of the meeting.

¹ With the exception of the Sinn Féin party leader, who was written to via the Oireachtas in Dublin.

3d. Meeting with Iain Lees, PWC

This matter was dealt with under item 5b.

3e. Housing Trends

The Committee noted the circulation by Mr. Rowntree of the NI Housing Executive's publication *Northern Ireland Housing Market – Review & Perspectives 2012-2015*, and commended him and the NIHE on the quality of the document and its analysis.

3f. NAMA Strategy

The Chairman informed the Committee that while the NAMA Strategy had been approved by the Board of NAMA the matter of publication and date is to be confirmed. The Committee members will be advised in advance.

3g. NAMA Annual Report

The Chairman informed the Committee that the NAMA Annual Report 2011 had been approved by the Board of NAMA at its meeting on 14th June 2012 and publication would likely take place on 26th July 2012. The publication day was discussed further under item 5a.

4. NI Portfolio Update**4a. Policy for NI Property****Matter for Information****Committee Paper: *Policy for Property in Northern Ireland***

The Head of Asset Recovery presented the paper to the Committee highlighting NAMA's key message to protect and enhance recurring cash flows pending medium-term to long-term disposal over 3-5 years. NAMA is also willing to extend the vendor finance initiative to viable NI transactions and enforcement is only considered as a matter of last resort.

The external members commended the quality of the policy paper and endorsed its use, while noting some points for potential incorporation/consideration:

- Recognition of urban town centres (e.g. Derry, Newry) which are suffering economically;
- That downsizing is occurring in the industrial property sector;
- The need for changed planning on existing land such as a move from high density apartments to lower density residential houses;
- The introduction of the Universal Credit and other welfare reforms and their impact on the buy to let sector many Landlords being on interest only roll-over mortgages;
- Some examples of land banking by speculators;
- Desire for mixed tenure development;
- Development of viable land banks such as Maze/Long Kesh and surrounding lands.

The Committee agreed that the policy should not constrain NAMA from exploiting commercial opportunities as they arise. It endorsed the policy as presented and noted the comments from members, which should feed into the evolution of the policy.

The Committee noted that the paper will be further augmented by the output of the UUI research and that the PIs utilise a version of the policy which excludes sensitive debtor details to ensure consistent management across the portfolio.

The Chairman advised the Committee that a balance needs to be struck between the publication of such a policy, or tailored version of same, with NAMA's commercial remit.

4b. Portfolio Update

Matter for Information

Committee Paper: N/A

Ronnie Hanna provided the Committee with a detailed update on the NI portfolio. 789 of 791 business plans across the entire NAMA portfolio have been reviewed with the two remaining being NAMA managed late acquisitions and completion of the business plan process is likely in July.

With respect to Northern Ireland, 14 of the 16 NAMA managed business plans have been assessed representing approximately 80% of acquisition value. Of those, support terms have been signed with 4, support negotiation is underway with 2, restructure is complete in 3 cases, restructure terms have been signed

in 1 instance, disposal is either under way or complete in 2 cases, the approach has yet to be determined in 2, while an insolvency practitioner has been appointed in 3 cases.

The 47 PI managed business plans have all been assessed.

Sales of Stg£48.4m have been approved in Northern Ireland (£41.45m NAMA managed; £7.4m PI managed) with total cash received of £34.9m. £72m in new money has been advanced to NI debtors.

The Committee noted that the Marine Court Hotel, Ballycastle has been sold by the Receiver, is in the process of refurbishment and will likely re-open in September/October 2012, and that a deal was signed the previous week in relation to the Clanmill Housing Association purchase of Hilden Mill although details are not yet in the public domain.

4c. Insolvency Actions Update

Matter for Information

Committee Paper: *N/A*

Ronnie Hanna updated the Committee on insolvency actions. 16 NI insolvency appointments have been made with the most recent [REDACTED] [REDACTED] There were no appointments in NI in June, up to the Committee meeting date.

The NAMA website lists 1,206 properties or groups of properties as enforced assets. 151 relate to NI which equates to 12.5% of the total, down 0.5% from the previous month. Of the 151, 9 relate to agricultural land, 16 to development land (development commenced), 60 to development land (not commenced), 1 hotel, 5 industrial, 5 mixed use, 4 office use, 1 other use (asset destroyed by fire), 5 pubs, 37 residential and 8 retail.

5. Communications

5a. NI Communications & Stakeholder Engagement Plan

Matter for Approval

Committee Paper: *NI Communications & Stakeholder Engagement Strategy*

The Committee discussed the paper as presented and noted NAMA's recent letter to the main party leaders in Northern Ireland, which is one element of the engagement strategy. The external members suggested a small number of additions to the key messages and engagement sub-groups. Subject to the changes, the Committee **approved** the NI Communications & Stakeholder Engagement Strategy.

The Committee discussed the possibility of an aligned media launch in Dublin and Belfast around a key publication such as the NAMA Annual Report 2011, due for publication on 26th July 2012. The recommendation had emerged from engagement with Tom Kelly. The pros and cons of such an approach were discussed and the Committee **agreed** that if feasible it should take place a short time after (circa 1-2 hours later) the Dublin launch, and that the Belfast event should include Ronnie Hanna.

The Committee noted the view of an external member that journalists in Northern Ireland remain curious about NAMA's intent, particularly given the initial fear of fire sales hasn't been realised. Consequently NAMA has a real opportunity to shape its message in NI.

9. **UUJ Land Development Model – Draft Report**

Matter for Information

Committee Paper: N/A

The Committee received a detailed presentation from the UUJ project team on its draft report on the Residential Land Bank research. The Committee noted the findings of the research and fact that the quality of NAMA's portfolio is potentially more positive than might have been expected. The 43,000 units in the pipeline represent approximately 5 years of supply in a normally functioning property market.

An external member suggested that NAMA should pro-actively seek the reversal of unzoned land where no medium term potential exists into agricultural land, which would not only reflect reality in terms of demand for unzoned land in some areas, but could also enhance the remainder of its portfolio of zoned land.

The Committee noted that UUJ's research would benefit from the co-operation from non-NAMA banks in NI such as Santander and Bank of Scotland [REDACTED]
[REDACTED]

6. **Terms of Reference**

Matter for Approval

Committee Paper: *Terms of Reference of the NI Advisory Committee*

The Committee noted the tabling of its Terms of Reference (TOR) for annual review and **approved** the TOR without changes.

7. **Headline Report**

Matter for Approval

Committee Paper: *NI Advisory Committee Key Action List (as at 6th June 12)*

Jonathan Milligan updated the Committee on the Headline Report as presented and the Committee **agreed** that each of the two open items could be considered closed.

8. **Committee Work Plan 2012**

Matter For Information

Committee Paper: *NI Advisory Committee Workplan 2012 (as at 18th June 2012)*

The Secretary updated the Committee on progress with respect to the Committee's agreed work plan for 2012.

10. **AOB**

10a. Items for Ministerial Meeting

The Committee discussed topics for discussion with Minister Wilson at the meeting that afternoon in Stormont. They included:

- NAMA re-organisation
- €2 billion NAMA investment to 2016
- Ministerial Advisory Group (inc Denis Rooney)
- Northern Ireland Advisory Committee benefit to NAMA
- Staple Finance in NI

- Business Plan progress
- 80:20 initiative
- Hilden Mill
- Marine Court
- [REDACTED]
- UUJ Research

10b. Committee Update to Board

Committee Paper: *Northern Ireland Advisory Committee Update to Board For the Period 1st Jan 2012 to 31st March 2012*

The Committee noted the contents of the paper as presented.

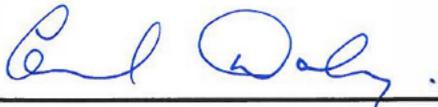
10c. Next Committee Meeting

The Committee agreed to hold its next meeting in Dublin on Tuesday, 25th September 2012 (10.45am – 12.30pm). As this was likely to be the last meeting in the NI Housing Executive Office, the Chairman expressed his thanks to Mr Rowntree and his staff for hosting the Belfast meetings of the Committee.

10d. Committee Evaluation

The Chairman advised the Committee that members will shortly receive a self-assessment evaluation from the Secretary as part of a Committee level evaluation for the period 1st July 2011 to 30th June 2012. Members are asked to complete and return the form by 19th July 2012 to facilitate the Secretary's collation of the information and preparation of a report for consideration at the Committee's meeting on 25th September 2012.

There being no other business the meeting concluded at 1.00 pm.



Frank Daly, Chairman

15th October 2012

NORTHERN IRELAND ADVISORY COMMITTEE

Third Meeting of 2012: 15th October 2012, 11:00 am - 12:15 pm

Treasury Building, Grand Canal Street, Dublin 2

Attendance:

Committee members:

Frank Daly	Chairman, NAMA Board Chairman
Frank Cushnahan	External Member
Eilish Finan	Board Member
Ronnie Hanna	Executive
Brian McEnery	Board Member
Brian Rowntree	External Member
Willie Soffe	Board Member

Invitees:

Tom Ward, Secretary
 Jonathan Milligan, Senior Divisional Manager (Asset Recovery)
 Martin Whelan, Senior Divisional Manager (Communications) items 1-6 only

The Chairman welcomed the Committee members to the third meeting of 2012. It was noted that the meeting had been duly convened and that a quorum was present. The agenda was also noted.

Note: The Committee papers referred to in the minutes were circulated prior to the meeting and presented as the basis for discussion and decision where applicable.

Items Considered:

1. Disclosure of Interests

There were no disclosures made.

2. Minutes of the Previous Meeting

Matter for Approval

Committee Paper: *Draft Minutes of the Meeting of 18th June 2012*

The Committee **agreed** the minutes of its meeting of 18th June 2012.

3. Matters Arising

3a. Letter to Northern Ireland Party Leaders

An update was provided under item 5.

3b. UUJ Land Development Model

An update was provided under item 6.

3c. Committee Evaluation Report

An update was provided under item 7.

4. NAMA NI Portfolio

4a & 4b. Portfolio Update and Insolvency Actions Update

Matter for Information

Committee Paper: *N/A*

Mr. Hanna provided the Committee with a detailed snapshot update on the NI portfolio, including:

- All business plans have been assessed;
- Asset sale approvals total £71.82 million;
- New advances of £100m (£60m of which has been for GB projects);
- Insolvency appointments total 18 (+2 on last update) and costs remain under tight control;
- Insolvency Practitioner costs down 50% across the NAMA portfolio;
- Enforced assets for sale 151 NI (value £24m) out of total 1,206 assets.

On the invitation of the Chairman, the external members made a number of observations to the Committee on the NI economic environment:

Planning

There are issues with legacy planning applications which are now inappropriate and defunct and need to be reappraised – the issue of de-zoning could be considered in tandem with the final UUI report at the Committee’s meeting on 10th December 2012.

Property Market Sectors

Overall, the property market in NI continues to suffer from uncertainty - the plateau in prices having not yet been reached - and there is a lack of bank confidence in residential and traditional commercial opportunities, although modern office space in town centres is attractive for tech firms.

There is concern regarding a potential oversupply of retail property, which could result in a restriction on planning permission for new retail builds, with planners showing a preference for town centre retail.

There are efforts to establish a property price index for commercial property in NI, as per the rest of the UK. It was noted that NAMA had been requested to release valuation data but had declined on grounds of commercial sensitivity.

NAMA Asset Sales and the NI Property Market

NAMA’s ‘no firesale’ message is sometimes mistaken for ‘delayed opportunities’ in NI. A high profile NAMA asset sale may help send an important signal to the market.

The Chairman and Mr. Hanna confirmed to the Committee that NAMA is always open to exploiting opportunities and vendor finance is available in NI, but at the same time NAMA is a relatively minor player in the NI market overall, and there is a challenge posed by current non-NAMA bank deleveraging. The Committee discussed the phased communication of the message regarding NAMA’s minor player status.

NI Bankruptcy Regime

While the bankruptcy regime in Northern Ireland and GB may appear to be relatively lenient compared with that in the Republic, the official court assignee may appeal an application for discharge particularly on the grounds of non-disclosure of full information, and has the power to pursue assets should new information come to light. This power has been exercised including in relation to some NAMA debtors.

Insolvency Practitioners (IP)

The issue of IP cost control remains salient. There is an impression at

Ministerial level in NI that local advisers are not being engaged to the extent expected in relation to NI debtors.

The Chairman informed the Committee that the Board had received an insolvency update at its meeting on 11th October 2012 which included an update on IP performance monitoring and cost reduction (of the order of 50%). Mr. Hanna informed the Committee that while NAMA extensively engages local firms in NI, the issue of connections to debtors can sometimes preclude this. He advised that a search of the enforced assets website illustrates that NI service providers are being utilised by NAMA. Mr Milligan also advised that some firms in Belfast were declining to tender for assignments.

The external members commended NAMA's focus on IP cost control and suggested that NAMA convey this message publicly, the Chairman's Belfast Telegraph interview on 22nd October 2012 providing one such opportunity.

Debtor Remuneration

An impression had been created in (rare) instances whereby NAMA-approved remuneration to directors of companies in receivership have been perceived to be excessive; also that some individuals appear to have maintained a comfortable lifestyle. The Committee however noted that NAMA does not always have personal recourse to debtors.

Another external member suggested that there is a case to be made that the experience and expertise of existing debtors and directors of debtor companies, where compliant and not in receivership, are utilised as opposed to IP firms given the fees sometimes charged by the latter. If the debtor is working with NAMA, and the arrangement makes commercial sense, the message of cost efficiency in utilising the debtor and debtor platform needs to be promulgated publicly by NAMA in NI.

5. Communications & Stakeholder Engagement Plan - Update

Matter for Information

Committee Paper: *Internal File Note: Meeting with Minister for Finance & Personnel, NI (18th June 2012); and Press Clippings 15th June 2012 24th September 2012*

Mr. Whelan updated the Committee on NI communications and stakeholder engagement. The letter sent to each of the NI political party leaders advising

of his appointment as a Relationship Manager for political representatives and offering each of a parties a briefing by the Chairman was positively received, and the Chairman was due to present to the Ulster Unionist Parliamentary Party on 22nd October 2012, followed by a photocall at Hilden Mills and an interview with the Belfast Telegraph.

Mr. Whelan is liaising with the DUP, SDLP, Sinn Féin and the Alliance Party with a view to arranging a presentation to their respective parliamentary parties in the near term and has been reminding the parties of the NIR channel for queries - although he noted that queries were more often channelled through phone calls to him.

Mr. Milligan advised the Committee that Mr. Hanna would present to the Ulster Society of Chartered Accountants on 25th October 2012 and that an updated 'About NAMA - NI' guide had been prepared for dissemination at such events. He further advised that Mr. Hanna and he would brief Andy Haldane, Executive Director of the Bank of England on 26th October 2012 and that he and Mr. Hanna had been invited to attend an event in Belfast on 22nd January 2013 to be addressed by the Governor of the Bank of England, Mervyn King.

The Committee noted that NAMA had accepted a request to meet with Oaklee Homes Group. An external member suggested that it might be best to engage with the Housing Associations through the Northern Ireland Federation of Housing Associations rather than with single associations.

An external member further recommended that NAMA engage with the QUB and UJJ Business Schools and with the Institute of Directors in Northern Ireland.

The Committee **agreed** that a meeting should be arranged with the Minister for Finance and Personnel following the Committee's next meeting on 10th December 2012 in Belfast.

The Committee also noted the extension of the 80:20 Deferred Payment Initiative in the Republic, which was to be announced later in the day, and that NAMA would keep under review the commercial feasibility of extending the product to Northern Ireland.

6. **UUJ Land Development Model – Update**

Matter for Information

Committee Paper: N/A

Mr. Milligan updated the Committee on the progress of the UUJ Land Development Model, the interim report having been presented to the Committee at its meeting on 18th June 2012. He advised the Committee that the final report would be submitted to NAMA within a number of weeks and that the UUJ team would present to the Committee at its next meeting on 10th December 2012.

Mr. Milligan informed the Committee that since the previous meeting, UUJ had submitted a revised summary report to NAMA (which would be circulated to members after the meeting) – the key change being the use of geographical clustering around 11 areas where previously assets had been broken down by postal code.

Separately, the UUJ team hadn't yet secured co-operation from Santander or BOSI (Lloyds) to further enhance the project data set [REDACTED]

7. **Committee Evaluation Report 2012**

Matter for Approval

Committee Paper: *NI Advisory Committee Evaluation Report 2012*

The Chairman thanked each of the members for their feedback which was presented in anonymous form in the evaluation report, and advised that he would report to Board any supplementary comments and views on the report.

The Committee noted the overall positive tone of the feedback, and an external member commended the Agency for the professionalism of the Committee's servicing in terms of support and information flows.

Above and beyond the possible actions presented in the report, the Committee agreed to include a standing item in future Committee agendas whereby the

Chairman will update the Committee on general matters relevant to NI which have been discussed at the Board in the period between Committee meetings.

8. NAMA Personal Account Transaction Policy

Matter for Information

Committee Paper: *NAMA Board and Section 32 and 33 Committees - Personal Account Transaction Policy*

The Committee noted that the policy as presented had been approved by the Board on 11th October 2012 and as such its circulation to members was delayed until 12th October 2012. Consequently and in order to give sufficient time for prior review, the Committee **agreed** to defer discussion on the item until its next meeting on 10th December 2012.

The Chairman invited the external members to contact him in the interim if they had any queries on the policy and its implementation.

9. Headline Report

Matter for Approval

Committee Paper: *NI Advisory Committee Key Action List (as at 28th June 12)*

Mr. Milligan updated the Committee on the Headline Report as presented and the Committee **agreed** that each of the four open items could be considered closed.

10. Committee Work Plan 2012

Matter For Information

Committee Paper: *NI Advisory Committee Workplan 2012 (as at 15th October 2012)*

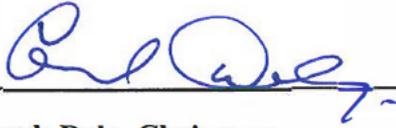
The Secretary updated the Committee on progress with respect to the Committee's agreed work plan for 2012.

11. AOB

Next Committee Meeting

The Committee noted that its next meeting will take place on Monday, 10th December 2012 in Belfast, the time and location to be confirmed, but that it will likely take place between 11.00am and 1pm and be followed by lunch and a meeting with the Minister for Finance & Personnel, subject to his availability. The opportunity for further NI political party presentations and media opportunities may also be considered.

There being no other business the meeting concluded at 12.15 pm.



Frank Daly, Chairman

10th December 2012

NORTHERN IRELAND ADVISORY COMMITTEE

Fourth Meeting of 2012: 10th December 2012, 10:45 am - 12:30 pm

Stormont Hotel, Belfast

Attendance:

Committee members:

Frank Daly	Chairman, NAMA Board Chairman
Frank Cushnahan	External Member
Eilish Finan	Board Member
Ronnie Hanna	Executive
Brian Rowntree	External Member
Willie Soffe	Board Member

Invitees:

Jonathan Milligan, Acting Secretary and Senior Divisional Manager (NAMA)
 Professor Jim Berry, University of Ulster (item 4 only)
 Dr. Martin Haran, University of Ulster (item 4 only)
 Dr. Michael McCord, University of Ulster (item 4 only)

Apologies:

Brian McEnery	Board Member
Tom Ward	Secretary
Martin Whelan	Head of Relationship Management (NAMA)

The Chairman welcomed the Committee members to the fourth meeting of 2012. It was noted that the meeting had been duly convened and that a quorum was present. The agenda was also noted.

Note: The Committee papers referred to in the minutes were circulated prior to the meeting and presented as the basis for discussion and decision where applicable.

Items Considered:

1. Disclosure of Interests

A disclosure was made by Mr Cushnahan in relation to [REDACTED]

2. Minutes of the Previous Meeting

Matter for Approval

Committee Paper: *Draft Minutes of the Meeting of 15th October 2012*

The Committee **agreed** the minutes of its meeting of 15th October 2012.

3. Matters Arising

3a. De-zoning Risk

The Committee agreed to discuss this issue under item 4

3b. Santander support for UUJ Land Development Model Research

Mr Cushnahan confirmed contact with Jonathan Dyer of Santander UK and requested details of the local Santander personnel engaged on this matter. Mr Milligan agreed to take this forward with the UUJ team.

3c. NAMA Personal Account Transaction Policy

The Committee agreed to discuss this under item 8.

4. UUJ Land Development Model Report Recommendations

Matter for Information

Committee Paper: *Spatial Analysis of Residential Development Land Banks in Northern Ireland*

The Chairman welcomed Professor Jim Berry, and Drs Martin Haran and Michael McCord from the University of Ulster. On behalf of the committee he commended the team on the quality of analysis and recommendations in the final report presented to NAMA. The Chairman also advised the intention to present the report to the NAMA Board in early 2013.

The UUI team led an interactive discussion on the findings of the report with committee members based on a presentation covering the following areas:

- Research Contextualisation
- Residential Land Holdings (NAMA and All Banks)
- Land Holdings by Planning Status
- Key Observations Bank Portfolio and Land Holdings
- Housing Pipeline based on Planning Consents
- Completed Stock and Work in Progress
- Sign Posting Opportunities: The NAMA Perspective
- Maintaining Momentum Going Forward

Discussion with committee members raised a number of key issues related to the NI property market including:

- The additional impact of the NI Government Real Estate portfolio (30-50%) and in particular the role of the Strategic Investment Board (SIB) and Asset Realisation Taskforce in the property market
- The future of the private rental market post normalisation in the homebuyer sector
- The significant challenge of reversion of large portfolios of Unzoned Land and the attitude of lenders in meeting this challenge
- Demand for agricultural land in the future given food supply requirements and alternative/renewable energy opportunities
- Reconfiguration of existing planning consents will be required to align with normalised demand and density, particularly from apartments to semi-detached houses and townhouses which are likely to lead recovery
- The low level of built stock will be insufficient to meet normalised annual requirements of c7,500 units per annum. New shovel-ready projects are being held back by lack of development and mortgage finance
- The positive impact initiation of construction projects could play in restoring economic prosperity and stability in NI
- The potential for institutional investment supported by the launch of the NI IPD Index

Summarising, the Chairman questioned if a mechanism to leverage off the outputs in a wider policy context for the benefit of decision makers is feasible.

In response the UUI team confirmed that the existing framework with the contributing banks would prohibit this; however it would be the desire of UUI to see this happen at a consolidated basis and discussions will commence in the New Year.

Recognising the level of information in the report, the key recommendations and discussions with other stakeholders, the Committee **agreed** to consider further how to leverage the benefits at its next meeting in February.

5. NAMA NI Portfolio

Matter for Information

Committee Paper: *N/A*

Mr Hanna provided the Committee with a detailed snapshot update on the NI portfolio, including insolvency actions and wider portfolio progress:

- All business plans have been assessed including those related to NI debtors;
- Overall NAMA Cash Generation of €10bn to date of which €3.5bn was generated as non-disposal income;
- Approximately two thirds of debtors are working with NAMA on a consensual basis;
- NI Asset sale approvals total £77.4 million;
- New advances of £110m (£60m of which has been for GB projects);
- Vendor Financing has yet to be availed of on NI assets despite calls from both the NI Minister for Finance and NAMA to bring forward proposals;
- Insolvency appointments total 19 (+2 extensions to existing appointments on last update);
- Enforced assets for sale 153 NI (value £24m) out of total 1,499 assets representing 10% of the total assets for sale (information as at end October 2012);
- Fees continue to be closely challenged with new Fixed Charge Receiver and Corporate Receiver panels due to be appointed shortly, subject to Board approval;
- The PI Managed portfolio is managed under the Insolvency Framework for fees, communication and reporting with Insolvency Practitioners being rated internally during Q4 2012.

The need for proactivity by Insolvency Practitioners was highlighted as a priority by Messrs Rowntree and Cushnahan noting that slow decision making and inadequate asset management seemed to be the norm.

Mr Hanna indicated that a Strategy session with the Insolvency Practitioners was planned pre-Christmas and the issue of performance was being actively managed. The Chairman restated any problem examples should be relayed to NAMA officers in order that these could be investigated.

Breakdown of the Northern Ireland Residential Portfolio (Potential for 80:20 DPI Scheme)

In relation to potentially extending the 80:20 Initiative to Northern Ireland the Committee was advised by Mr Hanna the following in relation to built stock in NI held by NAMA debtors:

- 417 Apartments
- 470 houses
- 6 other residential properties

The Chairman noted that stock availability was one of the pillars required for the Scheme the other being a willing mortgage lender. Discussions with AIB Group (through First Trust Bank) are underway and Mr Cushnahan expressed an opinion that First Trust Bank are well capitalised and have emerging mortgage appetite.

With regard to the issue of limited stock availability the Committee agreed that in a Northern Ireland context the Scheme may have to consider newly built properties.

Mr Rowntree highlighted Co-ownership as another potential financing option for homebuyers. The Committee noted that additional funding had been released to this Scheme by the NI Executive and that further funding was likely.

Mr Rowntree stated that a hybrid approach for urban and rural locations utilising both schemes may be the optimal solution.

Mr Hanna briefed the Committee on a major pipeline residential project in East Belfast. The Committee commended this development as a positive signal to the NI market and **agreed** that the 80:20 DPI Scheme should be considered for this project, subject to internal and external approvals.

6. Communications & Stakeholder Engagement Plan - Update

Matter for Information

Committee Paper: *NIAC Communications and Stakeholder Engagement Update 3rd December 2012; NI Newspaper Clippings – 5th October 2012 to 2nd December 2012; and ‘NAMA and NI Property’, article from the Journal of Chartered Accountants Ulster Society, Issue 67, November 2012.*

Mr Milligan introduced the NIAC Communications and Stakeholder Engagement Update. The Committee noted and commended the level and tone of activity which has been reflected positively in media coverage acknowledging that this requires significant effort.

Mr Cushnahan commended NAMA Officers for the proactive approach relating to the Antrim Guardian coverage. Mr Rowntree highlighted the rules under which Associations could undertake acquisitions and endorsed the engagement with the NI Federation of Housing Associations.

Mr Milligan also highlighted NAMA's recent engagement with Invest NI to discuss opportunities for land for industrial parks with serviced units. A potential transaction at Lisburn is being progressed and INI are doing some work on identifying other areas of need such as Omagh.

The Chairman noted that Ministers Noonan and Wilson had recently met and NAMA activity in Northern Ireland was endorsed. In preparation for the meeting that afternoon the Chairman advised that an update covering the following topics would be provided and sought any additional items from the Committee:

- NAMA Financial Update
- NAMA NI Activity & Debtor Support
- Pipeline Projects
- 80:20 Deferred Payment Initiative
- Vendor Finance
- Engagement with Housing Associations
- Emerging Trends Debtor Relationships
- UUJ Supported Research: Spatial Analysis of NI Residential Land Banks
- Media Engagement

No further items were proposed however Messrs Cushnahan and Rowntree stated that financing support for homebuyers and interventions in the construction sector given recent company failures would be at the forefront of discussions with the Minister.

7. Chairman's Update from Board

7a. NIAC Update to Board (8th November 2012)

Matter for Information

Committee Paper: *Committee Update to Board for the period 1st April 2012 to 31st October 2012*

The paper was presented by the Chairman and noted by the Committee with the majority of the items covered earlier in the agenda.

Mr Cushnahan conveyed an apology for the NAMA Board Away day on 14 February 2013 owing to a family engagement.

7b. Code of Conduct for Board & Committee Members

Matter for Information

Committee Paper: *Code of Conduct for Members of the National Asset Management Agency Board and its Committees*

The paper was presented by the Chairman and noted by the Committee.

8. NAMA Personal Account Transaction Policy

Matter for Information

Committee Paper: *NAMA Board & Section 32 and 33 Committees Personal Account Transaction Policy – approved 11th October 2012*

The paper was presented by the Chairman and noted by the Committee.

9. Headline Report

Matter for Approval

Committee Paper: *NIAC Headline Report as at 3rd December 2012*

Mr Milligan updated the Committee on the Headline Report as presented and the Committee **agreed** that each of the two open items could be considered closed.

10. Committee Work Plan

10a. Workplan 2012 Update

Matter for Information

Committee Paper: *NI Advisory Committee Workplan 2012 (as at 10th December 2012)*

Mr Milligan updated the Committee on progress with respect to the Committee's agreed work plan for 2012, and the Committee noted that all aspects had been dealt with accordingly.

10b. Workplan 2013

Matter for Approval

Committee Paper: *NI Advisory Committee Workplan 2013*

Mr Milligan presented the paper noting that the workplan would be subject to review and update at each committee meeting. On this basis the Committee **agreed** the Workplan for 2013

11. AOB

11a. Meeting Dates 2013

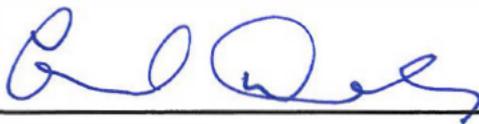
Matter for Information

Committee Paper: *NIAC Meeting Dates 2013*

The paper was presented by the Chairman and noted by the Committee. The Chairman advised that the date of the next meeting would be reviewed and members contacted by the Secretary if any further change was necessary.

Mr Rowntree proposed that an item be added to the agenda for the next meeting 'Strategic Opportunities' and this was **agreed** by the Committee.

There being no other business the meeting concluded at 12.30 pm.



Frank Daly, Chairman

25th February 2013

NORTHERN IRELAND ADVISORY COMMITTEE

First Meeting of 2013: 25th February 2013, 10:45 am - 12:15 pm

Treasury Building, Dublin

Attendance:

Committee members:

Frank Daly	Chairman, NAMA Board Chairman
Eilish Finan	Board Member
Ronnie Hanna	Executive
Brian McEnery	Board Member
Brian Rowntree	External Member
Willie Soffe	Board Member

Invitees:

Tom Ward	Secretary
Jonathan Milligan	Senior Divisional Manager (NAMA)

Apologies:

Frank Cushnahan	External Member
Martin Whelan	Head of Relationship Management (NAMA)

The Chairman welcomed the Committee members to the first meeting of 2013. It was noted that the meeting had been duly convened and that a quorum was present. The agenda was also noted.

Note: The Committee papers referred to in the minutes were circulated prior to the meeting and presented as the basis for discussion and decision where applicable.

Items Considered:

1. Disclosure of Interests

There were no disclosures made.

2. **Minutes of the Previous Meeting**

Matter for Approval

Committee Paper: *Draft Minutes of the Meeting of 10th December 2012*

The Committee **agreed** the minutes of its meeting of 10th December 2012.

3. **Matters Arising**

3a. **UUJ Land Development Model Report**

The Committee resumed discussion on the report (re. next steps) under item 5.

3b. **Santander support for UUJ Land Development Model Research**

Mr Milligan informed the Committee that subsequent to the its previous meeting on 10th December 2012 Santander had fully re-engaged with the UUJ team and good progress was being made.

3c. **80:20 DPI Scheme**

The Committee resumed discussion on this matter under item 7.

3d. **Invest NI**

Mr. Milligan informed the Committee that the Agency had been working to bring parties together in relation to an investment project in Lisburn and that it is now likely to proceed.

3e. **Governance File for Committee Members**

Hard copies of the *Governance File for Committee Members*¹ were circulated to the relevant non-Board members on the Committee.

¹ In light of his unavoidable absence, Mr. Cushnahan's copy would be couriered out to him.

4. NAMA NI Portfolio

Matter for Information

Committee Paper: *N/A*

Mr Hanna provided the Committee with a detailed snapshot update on the NI portfolio, including insolvency actions and wider portfolio progress. The Committee noted that:

- NI Asset sale approvals total £81.2m (+ £3.8m since last update);
- New advances total £110m (£60m of which has been for GB projects);
- Insolvency appointments total 21 (+ 2 since last update);
- Enforced assets for sale 143 NI out of total 1,626 assets representing 9% of the total assets for sale (-1% from previous month) and 3% by value.

The Committee noted the latest NI Quarterly House Price Index² for Q4 2012, which showed an average 45% decline in prices since the peak in the market in Q3 2007. The same report however pointed to signs of stability in average prices and some uplift recorded in transaction volumes during the quarter; the latter indicator supported by the Residential Property Price Index³, which found that the number of sales in Q4 was the highest since Q4 2007.

5. UUJ Land Development Model Report – Next Steps

Matter for Information

Committee Paper: *N/A*

The Committee noted that the UUJ Research Team was due to present the findings of the report to the Executive and senior managers on 28th February 2013 and that the report itself was being tabled for information at the Board at its meeting on 14th March 2013.

The Committee discussed and **agreed** that strategies will be required in relation to land banks that the Agency has security over in NI, including the configuration and re-profiling of planning permissions.

² Produced by the University of Ulster, NI Housing Executive and Bank of Ireland UK.

³ Based on HM Revenue & Customs data

Mr. Rowntree advised that due to the nature of the planning system in NI the Agency was best placed to engage in this regard through the Head of the Planning Service and the Permanent Secretary of the Department of Environment – the Department having an interest in NAMA’s plans for strategic sites, and which would likely engage at local planning level on NAMA’s behalf, where necessary.

The Committee noted NAMA’s engagement of the ESRI to produce forward-looking research on the Irish housing market, and noted the key success factors which had underpinned the UUI research, being the independence of the research team and use of strategic partners (rather than research owners per se). It noted that the Irish Bankers Federation had recently come on board to support the ESRI research and that the Department of Environment, Community and Local Government was very supportive and willing to be involved, albeit possibly not providing financial assistance.

The Committee **agreed** that if the UUI team was agreeable the NI land model methodology could be shared with the ESRI team for their information and to establish if it would be of benefit in eliciting comparable ROI data. The value of a whole of island perspective was noted as was the fact that the ESRI research would be forward looking.

Action:

1. Mr. Milligan to discuss with the UUI team whether it would be agreeable to share its broad methodology with the ESRI team.
2. The Senior Divisional Manager (Strategy) to raise this possibility in principle with the ESRI team through the Project Steering Group.

6. NI Strategic Opportunities

Matter for Information

Committee Paper: *Northern Ireland Commercial Property Market Outlook 2013 CBRE Presentation February 2013*

The Committee noted the contents of the presentation provided for information and discussed the challenges and opportunities available in the NI commercial and residential markets, noting the following:

- Institutional investors are expressing interest in Belfast but there is a shortage of appropriate Grade A/high spec property and much by way of ‘tired’ office space in need of investment and modernisation (the

Committee noted that there is a tax efficient grant structure in place for office refurbishment, the *Business Premises Refurbishment Allowance*, which is available until 2017);

- Institutional investors are also interested in residential developments (not incl. apartments) and Newry as a possible hub for financial institutions given the lower cap ex costs and proximity to both Dublin and Belfast;⁴ Border locations generally may benefit from the more advanced stage of Ireland's recovery;
- As the property market recovery will be uneven by location, prime locations are key for NAMA. Belfast for example suffers from a chronic shortage of car parking provision which will need to be addressed;
- High commercial district rates present a major challenge for the retail sector and consequently retail sector recovery;
- Public sector retrenchment under the comprehensive spending review will further dampen market recovery (although the Committee noted that some public sector bodies are letting new office space to help achieve energy efficiency targets);
- With the focus on addressing displacement there are possible opportunities in larger towns, including converting commercial space to residential space, and local enterprise agencies can be usefully engaged;
- The recent decision in relation to John Lewis is based on political and possible (commercial) displacement considerations and will have an influence on the Belfast Centre rejuvenation strategy. This approach may be considered for other towns and will thus have a potential impact on associated planning applications.

Action: Mr. Hanna to feed these discussion points into the NI Strategy review 2013.

⁴ The Committee noted that Institutional Investors also spoke of interest in the Dublin Docklands

7. 80:20 Deferred Payment Initiative

Matter for Information

Committee Paper: *80:20 Deferred Payment Initiative Northern Ireland*

The Committee noted that the review of the product's potential roll-out in NI had found that the resource and operational inputs may outweigh the economic benefit to NAMA, notwithstanding that there are other potential benefits at play.

Mr. Rowntree suggested that the factors hindering the NI residential market at present are the dearth of desired property type (2/3 bed house) in the right locations and realism in relation to asking prices. He said that credit unions were willing to offer maximum funding for deposits of £10,000 to young professionals so prices in the region of £90-110,000 were realistic and attractive to buyers.

He suggested that that the roll-out of such a DPI scheme, to have an economic benefit in NI, would require:

- Green field development in the First Time Buyer segment of the market (thereby bringing job creation);
- Be capable of sending a message of stability to market participants;
- Development of the order of 400 NAMA units in a mix of 2,000 units for roll-out over 2 years; and
- Two bed houses in the region of £95,000 (£115,000 in the case of 3 beds).

The Committee noted the paper and the Board's decision to seek initial approvals from the relevant regulatory bodies, but acknowledged that in the context of price stabilisation, a lengthy lead-in time for development and roll-out of a DPI scheme could risk seeing it introduced at a time when it was no longer needed. This will be dictated by the timing of market recovery which may take some time. The Chairman indicated that the Committee's views would be conveyed back to the Board.

8. Communications & Stakeholder Engagement Plan - Update

Matter for Information

Committee Paper: *NIAC Communications and Stakeholder Engagement Update; NI Newspaper Clippings –December 2012 to February 2013; NAMA 2012 end-of-year update; About NAMA Leaflet (NI version); Commercial Vendor Financing Leaflet; and Meeting Note – Minister SW – 10 Dec 2012*

Mr Milligan updated the Committee on Communications and Stakeholder Engagement activity since the previous meeting, which included engagement with the NI political parties, Belfast City Council, Invest NI, the NI Chamber of Commerce and the Department of Foreign Affairs in relation to the next North South Ministerial Meeting in H2 2013⁵.

The Committee noted that the Millmount scheme will be ready for launch shortly and that it is planned to do a joint press launch on site with Minister Wilson and the Chairman.

On foot of the presentation to Chartered Accountants Ireland on 28th February 2013 a linked update for CAI members in NI is planned, which will follow on from a presentation by Mr. Hanna to NI members in October 2012.

To support efforts around Vendor Financing in NI, the NAMA Commercial Mortgage Financing Package information will be published on the Invest NI and linked NI Business UK websites.

Mr. Rowntree suggested that NAMA engage with the Derry and Newry Chambers of Commerce.

Action: Secretary to circulate to members some additional relevant press articles with the draft minutes.

⁵ And possible associated North South Conference

9. **Chairman's Update from Board**

9a. **NIAC Update to Board (15th February 2013)**

Matter for Information

Committee Paper: *Committee Update to Board for the period 1st November 2012 to 31st January 2013*

The Committee noted the recent update to Board on NIAC activities.

9b. **Board Away Day – 14th February 2013**

Matter for Information

Committee Paper: *N/A*

The Chairman advised the Committee of the recent away day and thanked Mr. Rowntree again for his contribution during the morning session.

9c. **IBRC**

Matter for Information

Committee Paper: *N/A*

The Chairman briefed the Committee on the broad implications of the recent liquidation of IBRC. He advised that the CEO and senior team are meeting twice weekly with the Special Liquidator and that there is constructive ongoing interaction with the Department of Finance. Aspects such as HR had yet to be determined and NAMA would likely not have an indication of the precise composition of the loan portfolio to be transferred until August.

Mr. Rowntree advised that given Anglo/IBRC involvement in NI the liquidation had created a sense of nervousness in construction and political circles in NI.

The Committee **agreed** to discuss the IBRC loan acquisition matter at its meeting on 7th October 2013 in Belfast, and noted that the Chairman would thereafter use the opportunity of his meeting with Minister Wilson to provide an update, in broad terms, in relation to the portfolio insofar as it has, by then, been acquired.

10. Headline Report

Matter for Approval

Committee Paper: *NIAC Headline Report – as at 13th February 2013*

Mr Milligan updated the Committee on the Headline Report as presented and the Committee agreed that each of the two open items, 9-12 and 10-12, could be considered closed, while progress was being made in relation to 7-12 (engagement with QUB and UUJ Business Schools).

11. Committee Work Plan

Matter for Information

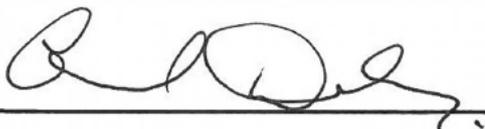
Committee Paper: *NI Advisory Committee Workplan 2012 (as at 25th February 2013)*

Mr Ward updated the Committee on progress with respect to the Committee's agreed work plan for 2013, and the Committee noted that a draft of the Committee's annual report (for the NAMA 2013 Annual Report) would be circulated for observations by email in the coming weeks.

11. AOB

The Committee noted that its next meeting will take place on 22nd April in Belfast, followed possibly by a meeting with Minister Wilson in Stormont.

There being no other business the meeting concluded at 12.15 pm.



Frank Daly, Chairman

22nd April 2013

NORTHERN IRELAND ADVISORY COMMITTEE

Second Meeting of 2013: 22nd April 2013, 10:45 am - 1:00 pm

Tughans, Marlborough House, Victoria Street, Belfast

Attendance:

Committee Members:

Frank Daly	Chairman, NAMA Board Chairman
Frank Cushnahan	External Member
Eilish Finan	Board Member
Ronnie Hanna	Executive
Brian Rowntree	External Member
Willie Soffe	Board Member

Invitees:

Tom Ward	Secretary
Alan Bridle	UK Economist, BOI UK – item 5 only
Heather Kane	Specialist Property Group, BOI UK – item 5 only
Jonathan Milligan	Senior Divisional Manager (NAMA)
Martin Whelan	Head of Relationship Management (NAMA)

Apologies:

Brian McEnery	Board Member
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The Chairman welcomed the Committee members to the second meeting of 2013. It was noted that the meeting had been duly convened and that a quorum was present. The agenda was also noted.

Note: The Committee papers referred to in the minutes were circulated prior to the meeting and presented as the basis for discussion and decision where applicable.

Items Considered:

1. Disclosure of Interests

There were no disclosures made.

2. **Minutes of the Previous Meeting**

Matter for Approval

Committee Paper: *Draft Minutes of the Meeting of 25th February 2013*

The Committee **agreed** the minutes of its meeting of 25th February 2013.

3. **Matters Arising**

3a. **UUJ Land Development Model Report**

The Board discussed the UUJ report on 14th March 2013; commended its quality; and requested a ‘next steps’ research proposal, which was discussed under item 7 below.

Separately, the UUJ agreed to share its broad methodology with the ESRI team and a terms of reference was being prepared between the parties.

3b. **Communications and Stakeholder Engagement**

The Committee discussed the Millmount and [REDACTED] matters under item 8.

3c. **Annual Report 2012**

The Secretary circulated the Committee’s 2012 review for observations on 26th March 2013. No suggested changes were received.

3d. **Strategic Planning Matters**

Mr. Milligan advised that he and Mr. Hanna were scheduled to meet with the Permanent Secretary of the Department of Environment and the Head of the NI Planning Service on 23rd April 2013 to discuss strategic planning matters.

4. **NAMA NI Portfolio**

Matter for Information

Committee Paper: *N/A*

Mr. Hanna provided the Committee with a snapshot update on the NI portfolio, including progress and insolvency actions. The Committee noted that:

- NAMA-managed Connection status remains unchanged;
- The breakdown of 54 PI-managed Connections illustrates that in 14 cases receivers had been appointed;
- NI Asset sale approvals total £86.6m (+ £5.4m since last update);
- New advances to NI debtors total £123m (+£13m since last update);
- Insolvency appointments total 22 (+ 1 since last update);
- Enforced assets for sale 143 NI out of total 1,717 assets representing 8% of the total assets for sale (-1% from previous month; equates to 4.8% by value).

5. NI Economy & Property Market Update

Matter for Information

Committee Paper: *Recession, Recovery or Stagnation? Short and Medium Term Prospects*

Mr. Bridle provided a detailed presentation and engaged in discussion with the Committee on the Northern Ireland economy and its property markets, including the influence of the UK economic backdrop and spill-over effects of its public expenditure review and welfare reform (incl. housing benefit squeeze). Downside risks remain to the NI economy and a period of stagnation within the wider UK economy is a possible scenario, amongst others. Mr. Bridle outlined the key performance indicators with respect to the residential and commercial property sectors and the challenges pertaining to both sectors.

The Chairman, on behalf of the Committee, thanked Mr. Bridle for the informative presentation and concluded that while there were undoubtedly challenges to be overcome, there were some tentative signs of recovery in terms of transactions and relative price stability following a prolonged decline. He noted that NAMA's current approach of no firesales and investing cap-ex where commercially justified, to enhance value, appeared to still be the most prudent course of action.

Ms. Kane informed the Committee in her role heading-up the BOI NAMA Unit in Belfast [REDACTED]

[REDACTED] A key challenge facing the work-out in the Unit's experience was a lack of buyers for good assets and lack of confidence in retail covenants given the challenges facing the retail sector.

She separately informed the Committee that the Unit was working pro-actively with debtors in examining legacy planning permissions for apartments, for which there is no longer demand, and that planning authorities were more amenable to changing such permissions than heretofore.

6. NI Strategic Opportunities

Matter for Information

Committee Paper: *N/A*

Using the prior presentation as a backdrop, the Committee discussed the strategic implications for the NAMA portfolio, noting in particular:

- The lack of available finance within NI from local and external finance providers remains a core issue affecting the property market;
- The ongoing deleveraging by Ulster Bank and other institutions;
- The decline in interest in commercial property given the fall in consumption and ongoing expenditure retrenchment by the UK government;
- NAMA should consider viable offers for properties vis à vis the cost of keeping properties with problems; and
- Legacy planning permissions (esp. apartments) require review;
- Identifying future investment projects.

The Committee noted the suggestion from an external member that the 80:20 product be re-engineered as an equity share product at a discounted interest rate (e.g. with the buyer buying out NAMA's 20% share within 10 years) and focus such a product on newly built 2 bed houses. It was suggested that rather than offer price protection (as the 80:20 was originally conceived) the product would offer a stimulus.

The Committee noted that the two external members will receive a draft copy of the Policy for Property in NI within two weeks and a conference call will be arranged to allow for their input prior to its tabling at Board on 16th May 2013.

Action: Secretary to arrange a conference call within two weeks.

7. UUI Land Development Model Report – Next Steps

Matter for Information

Committee Paper: *N/A*

Mr. Hanna briefed the Committee on the Board's review of the UUI Report at its meeting on 14th March 2013 and its support for a next phase research proposal. Initial discussions with the UUI team yielded a proposal with two parts: 1) to update the data (incl. addressing any omissions or quality issues); and 2) applying the research findings on a look-forward basis, examining demographics and demand and where NAMA development should occur. Mr. Hanna advised that the initial proposal required work before being tabled at Board and that the Agency would likely only contribute towards the overall £50,000 project fee.

The Committee **agreed** to recommend the proposal to Board on the basis of the two part approach as outlined and that a possible NAMA contribution of the order of £10,000 p.a. over 2 years would be merited.

8. Communications & Stakeholder Engagement Plan - Update

Matter for Information

Committee Paper: *NIAC Communications and Stakeholder Engagement Update; Note to Members regarding the enforcement against the [REDACTED] 'NAMA – Three Years On' – presentation by Ronnie Hanna to the CAI (28th February 2013); Article by Ronnie Hanna for Spreadsheet, Journal of the Ulster Society of Chartered Accountants; and NI Newspaper Clippings 18 February to 12 April 2013.*

Mr. Whelan provided an update to the Committee on communications and stakeholder engagement activity, including:

- [REDACTED]
- Millmount Phase I launch;
- Reminders to stakeholders regarding vendor finance;
- NIR Channel;

- Briefing invitations to the DUP and SF; and
- Continuing articulation of key messages on NI.

The Chairman informed the Committee that the Secretary of State had accepted an invitation to meet and be briefed on NAMA's work but no arrangements had yet been put in place by her office.

The Committee discussed the general reaction in Northern Ireland to the enforcement against the [REDACTED] and that NAMA had handled the matter well – including the Chairman's phonecall with Minister Wilson on 13th April 2013 in which he advised that as in all cases, enforcement was the last resort following a rigorous engagement process. Notwithstanding this, the Committee noted that the matter was still lingering as an issue politically and likely to generate further media coverage.

The Committee noted that the media, on foot of the [REDACTED] reaction to same, seemed to be exploring relationships between politicians and developers and any possible inappropriate attempts to influence NAMA.

The Committee noted and agreed that NAMA, as an independent Agency, and always having regard to the NAMA Act, needed to carefully manage its message with respect to its engagement with all politicians in Northern Ireland.

In terms of the broader NI strategy, which remained unaffected by the recent enforcement, the Committee noted the external member viewpoint that the roll-out of the 80:20 product would be a positive step for the Agency, as had the recent Millmount announcement, which included the use of a compliant debtor as an asset management platform.

The Chairman indicated that he would likely use the opportunity of a speech to the NI Chamber of Commerce in Q3 to reaffirm some key messages on NI, including that there had been no change of strategy but that further enforcements were unavoidable in the medium term.

9. Chairman's Update from Board

Matter for Information

Committee Paper: *N/A*

The Chairman updated the Committee on matters relevant to the Committee:

- UUI Report - as per item 7 above;
- IBRC the integration project is proceeding (at an early stage) but it will likely be year-end before the integration is completed. The matter of redundancy terms for staff is for the Special Liquidator;
- New Board Member Oliver Ellingham was appointed by the Minister for Finance on 10th April for a five year term;
- Access to Information on the Environment NAMA lost its case in the High Court¹ and is applying for an appeal (and stay) to the Supreme Court;
- The Q4 2012 section 55 report is to be published on 23rd April 2013, outlining for the first time NAMA's 2012 profit and impairment figures;
- NAMA's Annual Report is to be published on 30th May 2013.

10. Committee Terms of Reference – Annual Review

Matter for Approval

Committee Paper: *NI Advisory Committee Terms of Reference*

The Committee **agreed** that its Terms of Reference required no change at this time and would recommend them for approval (without change) to Board at its meeting on 16th May 2013.

11. Headline Report

Matter for Approval

Committee Paper: *NIAC Headline Report as at 15th April 2013*

Mr Milligan updated the Committee on the Headline Report as presented and the Committee **agreed** that each of the three open items, 7-12², 1-13 and 2-13, could be considered closed, while 3-13 would be left open until later in the year.

¹ NAMA argues that it is not a public authority for the purposes of the Act and its application.

² NAMA has offered to meet with the QUB and UUI Business Schools with follow up meetings likely in H2 2013.

12. **Committee Work Plan**

Matter for Information

Committee Paper: *NI Advisory Committee Workplan 2012 (as at 22nd April 2013)*

Mr Ward updated the Committee on progress with respect to the Committee's agreed work plan for 2013.

13. **AOB**

Annual Report 2012

The Committee noted that the Agency plans to publish its Annual Report and Accounts 2012 on 30th May 2013. A briefing note on NI achievements and key messages will be circulated to NI media at the time of the launch.

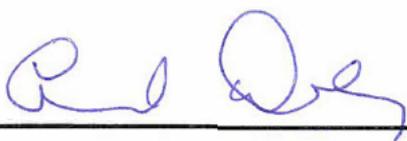
Meeting with Minister Wilson

The Committee agreed that the meeting with Minister Wilson would include a general update and touch in broad terms upon Millmount, the [REDACTED] 80:20, IBRC, UUJ and Invest NI. An external member indicated that the status of IBRC staff in Belfast working on the existing NAMA PI Managed portfolio was likely to be raised by the Minister.

Next Committee Meeting

The Committee agreed to hold its next meeting in Dundalk on Monday, 15th July 2013. The Secretary will circulate venue details in due course.

There being no other business the meeting concluded at 1.00 pm.



Frank Daly, Chairman

15th July 2013

NORTHERN IRELAND ADVISORY COMMITTEE

Third Meeting of 2013: 15th July 2013, 10:45 am - 12:30 pm

Ballymascanlon House Hotel, Dundalk

Attendance:

Committee Members:

Frank Daly	Chairman, NAMA Board Chairman
Frank Cushnahan	External Member
Eilish Finan	Board Member
Ronnie Hanna	Executive
Brian Rowntree	External Member
Willie Soffe	Board Member

Invitees:

Tom Ward	Secretary
Jonathan Milligan	Senior Divisional Manager (NAMA)
Martin Whelan	Head of Relationship Management (NAMA)

Apologies:

Brian McEnery	Board Member
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The Chairman welcomed the Committee members to the third meeting of 2013. It was noted that the meeting had been duly convened and that a quorum was present. The agenda was also noted.

Note: The Committee papers referred to in the minutes were circulated prior to the meeting and presented as the basis for discussion and decision where applicable.

Items Considered:

1. Disclosure of Interests

There were no disclosures made.

2. Minutes of the Previous Meeting

Matter for Approval

Committee Paper: *Draft Minutes of the Meeting of 22nd April 2013*

The Committee **agreed** the minutes of its meeting of 22nd April 2013.

3. Matters Arising

- 3a. Strategic Planning Matters** Mr Hanna and Mr Milligan met with the Permanent Secretary of the Department of Environment and the Head of the Planning Service on 23rd April 2013. The meeting note was tabled for information under item 6(a).
- 3b. NI Strategic Opportunities** The Chairman thanked the external members for their input, via conference call on 9th May 2013, to the *Policy for Property in Northern Ireland*. A copy of the Board approved policy was tabled for information under item 5.
- 3c. UUI Project** the Board, on 13th June 2013, approved financial support for the next phase of the UUI land model research project, as outlined in the paper for information under item 7.
- 3d. NIAC ToR** the Board, on 16th May 2013, reviewed and approved (without change) the Committee's Terms of Reference.
- 3e. Annual Report 2012** NAMA's annual report was published on 30th May 2013, with Minister Noonan in attendance. An abridged NI version was circulated to NI stakeholders (as provided for information under item 6(a)).

4. NAMA NI Portfolio

4a. Portfolio Update & 4b. Insolvency Actions Update

Matter for Information

Committee Paper: *N/A*

Mr. Hanna provided the Committee with a snapshot update on the NI portfolio, including progress and insolvency actions. The Committee noted that:

- 2 of the 14 NAMA-managed Connections remained subject to business plan negotiation and 3 of the remaining 12 Connections were designated non-consensual;
- 19 of the 54 PI-managed Connections were designated non-consensual, a number that is expected to rise;
- NI Asset sale approvals totalled £90.7m (+ £4.1m since last update);
- New advances to NI debtors totalled £140m (+£17m since last update);
- Insolvency appointments totalled 25 (+3 since last update, and inclusive of an appointment made the previous week);
- Enforced assets for sale 155 NI out of total 1,903 assets representing 8% of the total assets for sale (unchanged from last update);
- The cumulative value of NI enforcements was £33 million (which at less than 3% of total enforcements was in line with the NI share of the total portfolio).

It also noted that the debtor legal challenge by the [REDACTED] to the appointment of an Administrator had been withdrawn.

4c. Housing Associations

Matter for Information

Committee Paper: *Meeting Note – Development Presentation & Q&A Session: NI Federation of Housing Associations (NIFHA)*

The Committee was updated on engagement with the NI Federation of Housing Associations (on 17th May 2013) and subsequently with individual

housing associations¹ on particular sites for social housing.

The Committee noted the external members' views in relation to the Housing Associations ("HAs"), that:

- A common problem (not unique to NI) was HAs competing with one another for limited resources;
- HAs tended to deliver less than publicly planned, and indeed under-spends were a source of political frustration;
- In order to maximise opportunities, NAMA should conduct financial due diligence prior to substantive engagement on a particular site/project;
- Some HAs were interested in 'build to sell' development on a limited scale for low cost/affordable housing for first time buyers;
- NAMA may transact with HAs via Advance Land Purchases (ALPs).

The Committee was advised of a purchase request by Apex Housing Association for a site at Dunlady Road, Dundonald which had also been identified as a potential Park & Ride site by the Department of Regional Development (DRD). The matter has been raised with the Department for Finance and Personnel.

Both external members agreed that NAMA's pro-active engagement with the HAs to date had been commendable, reflecting the Agency's wider social contribution in NI.

5. NI Strategic Opportunities

Matter for Information

Committee Paper: *Policy for Property in Northern Ireland (NIAC Version)*

The Committee noted the external member perspective that the deleveraging intentions of Ulster Bank, Bank of Ireland and other banks (such as Danske and Santander) suggested that notwithstanding NAMA's prudent policy position in relation to NI assets, the approach may require re evaluation to exploit any demand opportunities in the near term. The Chairman advised that the situation in the NI financial sector was evolving and that the Agency was keeping its strategy under review.

¹ Fold, Oaklee, Clanmil, Apex and Simon Community NI

The Committee noted the external member perspective on the risk posed to financial institutions in seeking to securitise assets to the potential detriment of third parties, which could expose the institutions to a claim on the basis of perceived fraudulent preference, and also in instances of shadow directors. Mr. Hanna advised that it is a risk NAMA is cognisant of and it approaches each instance of securing unencumbered assets on a case by case basis (in conjunction with NAMA Legal advice), seeking - in the first instance - consensual relinquishment.

[REDACTED]

Elsewhere, it noted that no vendor finance had yet been provided in NI, and that First Trust seemed unable to partner with NAMA on the 80:20 initiative.

The Committee noted that the Agency does not plan to roll-out further 80:20 units in ROI in light of the stabilising market and the product having achieved its objective.

An external member suggested that NAMA engage with The Progressive Building Society as a potential partner on the 80:20 initiative in NI. Another external member suggested that a deposit guarantee scheme would be more appropriate in the current climate, rather than the 80:20 per se, and it was noted that the UK “Help to Buy” scheme was similar to the 80:20 initiative.

An external member suggested that NAMA might engage in a strategic discussion with Co-Ownership Housing.

6. Communications & Stakeholder Engagement Plan - Update

6a. Update

Matter for Information

Committee Papers: *NIAC Communications and Stakeholder Engagement Update; Meeting Note – Meeting with Minister for Finance & Personnel 22nd April 2013; Meeting with Department of Environment & Planning Service NI 23rd April 2013; Presentation to NI Assembly and*

Business Trust – 19th June 2013; NAMA Annual Report 2012 abridged NI version; Letter Minister Wilson to the Chairman 11th June 2013; Letter Chairman to Minister Wilson 19th June 2013

The Committee received an update on communications and stakeholder engagement activity, and noted:

- The planned engagement with the UUP in September 2013, and potentially Sinn Fein. Other party meetings are also to be scheduled;
- Invest NI was more forcefully promoting NAMA's vendor finance initiative, following the Chairman's meeting with Minister Wilson on 22nd April 2013;
- NAMA's engagement with the NIABT on 19th June 2013 had been particularly positive;
- At present a minimum of 15 stakeholder engagements are planned for Q4 2013, indicating a significant schedule of activity.

The Committee noted Minister Wilson's correspondence with the Chairman, primarily with respect to the future of IBRC staff based in Northern Ireland² (and retention of a Belfast Office), and that Minister Wilson had similarly raised the matter at a subsequent meeting with Minister Noonan.

The external members noted Minister Wilson's complimentary references to NAMA and its work, and separately that the Agency had handled the [REDACTED] [REDACTED] very well.

An external member suggested that NAMA Relationship Management engage with UTV to seek appropriate coverage on their nightly business briefing programme - a useful medium for positive announcements.

6b. Annual Review (Communications & Stakeholder Engagement Plan)

Matter for Approval

Committee Paper: *Northern Ireland Communications & Stakeholder Engagement Strategy 15th July 2013*

The Committee noted the paper as presented and that the approach of direct engagement with stakeholders, rather than informing stakeholders via the

² The External Members requested, where possible, that they be notified of non sensitive correspondence.

media, was yielding clear benefits, as was the message from compliant debtors regarding their positive engagement with, and support from, NAMA.

The Committee noted with respect to the planned stakeholder engagements, that the Secretary of State for Northern Ireland had reverted to take-up the Chairman's offer of a briefing, which would take place on 24th September 2013 in Dublin.

The Committee noted the external member suggestion that, in light of the devolution of the planning service function from the NI Executive to a consolidated system of 11 Local Authorities from 2015, NAMA should engage with NILGA³ and SOLACE⁴, and progress any strategic planning issues as the devolution may see a slowing down of the planning process.

Following consideration, and subject to a textual update regarding the scheduled meeting with Secretary of State, the Committee **agreed** the Communications & Stakeholder Engagement Strategy as presented.

7. Chairman's Update from Board

Matter for Information

Committee Papers: *Northern Ireland Advisory Committee Update to Board 16th May 2013; and UUI Proposal Paper to Board as agreed on 13th June 2013*

The Chairman updated the Committee on matters relevant to the Committee, including the two papers as circulated. With respect to IBRC integration, he advised that no loan acquisitions by NAMA had yet taken place but that:

- NAMA had appointed Capita to act as primary and special servicer with regards to the existing NAMA portfolio within IBRC;
- NAMA had appointed Certus, and Pepper and Serco, to act as service providers for the (to be) newly acquired portfolios from IBRC;
- The pay/package differential between IBRC and NAMA had resulted in a disappointing level of take-up for resultant positions within NAMA;
- IBRC had commenced a debtor representations process involving 27,000 letters;

³ Northern Ireland Local Government Association

⁴ Society of Local Authority Chief Executives and Senior Managers



8. **Headline Report**

Matter for Approval

Committee Paper: *NIAC Headline Report as at 24th June 2013*

Mr Milligan updated the Committee on the Headline Report as presented and the Committee **agreed** that on the basis of engagement to date, 7-12 could be closed-out, while the only other remaining item, 3-13, would be left open until 7th October 2013.

9. **Committee Work Plan**

Matter for Information

Committee Paper: *NI Advisory Committee Workplan 2012 (as at 7th July 2013)*

Mr Ward updated the Committee on progress with respect to the Committee's agreed work plan for 2013, and advised that the draft Committee evaluation report would be tabled for discussion at the Committee's next meeting on 7th October 2013, to allow for the submission of feedback to Board on 10th October 2013.

10. **AOB**

Next Committee Meeting

The Committee agreed to hold its next meeting in Belfast on Monday, 7th October 2013, and thanked Mr. Cushnahan for his offer of Tughans as a venue. The Committee noted that the Chairman will thereafter meet with the new Minister for Finance & Personnel, Simon Hamilton, and that early engagement with the new Minister would be important.

There being no other business the meeting concluded at 12.30 pm.



Frank Daly, Chairman
7th October 2013

NORTHERN IRELAND ADVISORY COMMITTEE

Fourth Meeting of 2013: 7th October 2013, 10:45 am - 12:30 pm

Tughans, Marlborough House, Victoria Street, Belfast

Attendance:

Committee Members:

Frank Daly	Chairman, NAMA Board Chairman
Frank Cushnahan	External Member
Eilish Finan	Board Member
Ronnie Hanna	Executive
Brian Rowntree	External Member
Willie Soffe	Board Member

Invitees:

Tom Ward	Secretary
Brian Lavery	Managing Director, CBRE Belfast item 5 only
Jonathan Milligan	Senior Divisional Manager (NAMA)
Tim Reid	Associate Director, CBRE Belfast item 5 only
Martin Whelan	Head of Relationship Management (NAMA)
David Wright	Director, CBRE Belfast item 5 only

Apologies:

Brian McEnery	Board Member
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The Chairman welcomed the Committee members to the fourth meeting of 2013. It was noted that the meeting had been duly convened and that a quorum was present. The agenda was also noted.

Note: The Committee papers referred to in the minutes were circulated prior to the meeting and presented as the basis for discussion and decision where applicable.

Items Considered:**1. Disclosure of Interests**

There were no disclosures made.

2. Minutes of the Previous Meeting**Matter for Approval**

Committee Paper: *Draft Minutes of the Meeting of 15th July 2013*

The Committee **agreed** the minutes of its meeting of 15th July 2013.

3. Matters Arising

The Chairman advised that any matters arising could be dealt with during respective items on the Committee's agenda, including the briefing to the NI Secretary of State on 24th September 2013 (under item 7).

4. NAMA NI Portfolio**4a. Portfolio Update & 4b. Insolvency Actions Update****Matter for Information**

Committee Paper: *N/A*

Mr. Hanna provided the Committee with a snapshot update on the NI portfolio, including progress and insolvency actions. The Committee noted that the position was largely unchanged vis à vis the update in July.

- 3 of the 15 NAMA-managed Connections remain subject to business plan negotiation and 3 of the remaining 12 Connections are designated non-consensual;
- 18 of the 47¹ PI-managed Connections are designated non-consensual;
- NI Asset sale approvals totalled £106.4m (+ £15.7m since last update);
- New advances to NI debtors totalled £141m (+£1m since last update);

¹ The number of PI Connections has reduced as some Connections are now grouped and reported on only once.