

- Insolvency appointments totalled 26 with 18 of the 62 Connections enforced against;
- Enforced assets for sale 130 NI out of total 2,028 assets representing 7% of the total assets for sale (-1% since the last update).

#### **4c. Housing Associations**

##### **Matter for Information**

##### **Committee Paper: N/A**

The Committee was updated on NAMA's engagement with NI Housing Associations and noted the recent positive press in this regard<sup>2</sup>. Since the Committee's meeting in July, NAMA has met the three main Housing Associations and sought information on their respective target areas with a view to combing the NAMA NI portfolio for possible asset options. Approximately 20 assets were subsequently identified as possible options, mainly comprising land in and around Belfast and its outer fringes. NAMA is due to meet again with the Federation of Housing Associations and is looking to offer the respective asset options to all Housing Associations simultaneously.

The Committee noted the lack of progress by [REDACTED] with the Housing Association citing site decontamination costs as a hurdle, although the Committee noted that this aspect would have been factored into their cost benefit evaluation.

The Committee discussed the broader area of housing associations and NAMA's engagement, noting:

- The need for NAMA to undertake prior financial due diligence of Housing Associations prior to substantive engagement on a particular site or project;
- That huge expectations are made of Housing Associations, who plan ambitiously but deliver less;
- That a potential £30 million in unused housing funding will be handed back to the UK Exchequer, which is the first time this will have happened;
- That the Federation of Housing Associations is a representative rather than a tendering or nominating body as such, engagement with the NI Housing Executive could be more fruitful;

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<sup>2</sup> The sale of a total of 51 apartments to Oaklee Homes Group Ltd, situated at College Court Central and Throne View in Belfast.

- NAMA needs to dampen expectations of what it can deliver in this area, as ultimately it could take the blame for unrealised Housing Association plans.

The Committee **agreed** that NAMA should consider a strategic plan on possible sites for Housing Associations, and engage with the NI Housing Executive and Department of Social Development to progress the matter.

The Committee separately noted that one housing body has expressed interest in a site in Belfast and NAMA is exploring the matter further.

#### **4d. UUJ Project Update**

##### **Matter for Information**

**Committee Paper:** *N/A*

Mr. Milligan updated the Committee on the progress of phase II of the UUJ research project, advising that the process of correcting any lingering data set inaccuracies had been completed and that the two financial institutions outside the project, Barclays and Santander, had now agreed to partake. Mr. Milligan advised that while a scoping meeting had been planned for late August, it will now occur in October and a more detailed update will be provided to the Committee in December.

#### **5. NI Property Market Update**

##### **Matter for Information**

**Committee Paper:** *Northern Ireland Commercial Property Market Overview*

The Committee received a detailed presentation on the NI commercial property market from Messrs. Lavery, Reid and Wright of CBRE Belfast. It noted:

- As with Dublin, there is a demand for, and shortage of, Grade A office space in Belfast city and the shortage presents a corollary need for landlords to refurbish existing stock, particularly 2 3 years out from the end of leases;

- Uptake of BPRA<sup>3</sup> for refurbishment of secondary office stock has been very limited;
- While retail demand remains depressed, the sector is also struggling due to the local rates burden;
- Positively, rent and yield forecasts across the commercial property sector are predominantly stabilising or strengthening;
- US funds are showing interest in NI, including Kennedy Wilson and Oaktree; and
- There is a shortage of prime location development land in the greater Belfast area.

The Committee noted the advice that retrofitting secondary office stock would be a prudent step for NAMA, as landlords generally are struggling to secure finance for such investment and prime Grade A space is in short supply.

It noted the external member suggestion that RBS' involvement in a number of the recent investment property transactions (5 of 11 examples) was indicative of its deleveraging and may signal an issue with real price levels for such assets.

The Committee noted that international/UK investors had not indicated a desire to engage vendor finance/stapled debt to date.

The Chairman, on behalf of the Committee, thanked Mr. Lavery and his colleagues for their time and presentation.

## 6. NI Strategic Opportunities

### **Matter for Information**

**Committee Paper:** *N/A*

### **Cap-ex Investment**

Mr. Milligan updated the Committee on possible cap-ex initiatives in NI, with six NAMA sites identified and being examined for potential capital investment.

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<sup>3</sup> Business Premises Renovation Allowance

## **Project Eagle**

The Chairman advised the Committee that an unsolicited approach had been made to NAMA by investment fund, PIMCO, to purchase NAMA's NI debtor portfolio, with preliminary discussions having since taken place. He advised that the Board would consider the matter at its meeting on 10<sup>th</sup> October 2013 with a view to possible further engagement, and that Minister Noonan and Minister Hamilton had discussed the matter at their recent meeting - Minister Noonan confirming that it was a commercial matter for NAMA.

The Chairman broadly outlined what a NAMA sales process would entail with value and open marketing key considerations for the Agency.

The Committee discussed the approach with views expressed that:

- The sale of a portfolio on such a scale could lead to strategic "land locking" to guard against which, conditions ought to be attached although the Committee noted that this wouldn't be feasible;
- Such a sale would require value to be achieved by NAMA with transparency as a protection in this regard;
- The approach from PIMCO implies that value can be obtained from the portfolio, although the NI debtor portfolio also includes GB assets taken together the portfolio could be considered a "strategic purchase"; and
- A discount will be sought so the question of value is key for NAMA sell vs hold.

The discussion included External Member feedback on the proposed approach to support the Board's consideration of the matter at its meeting on 10th October 2013.

The Chairman reminded members that this matter was extremely politically sensitive and that absolute confidentiality was required.

## **Other Matters**

- The Committee noted the CBRE message, as above, on cap-ex investment in secondary office accommodation, given the shortage of Grade A office space in Belfast city;
- The need to keep pushing the NAMA vendor finance message;
- The possibility of bundling of NI assets for sale; and



- The need to examine NAMA's development land in NI and options open, including reversion to agricultural land although an external member mooted the possibility of a land inflation risk in dezoning.

## 7. Communications & Stakeholder Engagement Update

### Matter for Information

**Committee Papers:** *NIAC Communications and Stakeholder Engagement Update & Press Clippings 8<sup>th</sup> July to 27<sup>th</sup> September*

The Head of Relationship Management updated the Committee on public affairs, media and stakeholder engagement activity since the previous meeting, including the Chairman's briefing to the NI Secretary of State on 24<sup>th</sup> September 2013, which was well received.

Mr. Milligan advised the Committee that the Development Trusts NI had made an approach to NAMA via the Department of Social Development seeking site and built asset transfers to local community-led trusts.

The Committee noted the First Minister's recent publicised comments regarding NAMA's 'holding on' to property and inhibiting growth in NI, which was at odds with the NI political system's initial fears regarding NAMA fire selling assets. The Committee noted that the NI business community had not responded in support of the comments nor had the media reported on it too widely.

## 8. Chairman's Update from Board

### Matter for Information

**Committee Paper:** *N/A*

The Chairman briefed the Committee on the IBRC integration project, and the Committee noted:

- The successful transfer of NAMA's IBRC managed portfolio to Capita in August;
- The appointment of Certus as primary and special service provider over the (to be) acquired commercial loan book;

- The retendering for the primary and special servicer of the (to be) acquired mortgage book;
- That launch of the first phase of the Special Liquidator's sales process with three more phases to follow;
- That NAMA has had no greater visibility of the IBRC portfolio; and
- That staff recruitment is underway in NAMA to manage the new portfolio.

An external member queried if NAMA would recruit the necessary staff complement required, including skills sets, to manage the acquired portfolio, noting the recent publicity about NAMA's turnover rate and difficulties in recruiting and retaining key staff.

[REDACTED]

## 9. Committee Evaluation Report 2013

### Matter for Information

#### **Committee Paper:** *Evaluation Report NIAC 2013*

The Chairman, on behalf of the Committee, commended the Secretary for his role and work in compiling and producing the evaluation report for consideration.

The Chairman advised that the feedback on committee composition and rotation was understandable but that there are constraints imposed by the NAMA Act 2009 (which requires a majority of members to be Board members) and the limited number of Board members to serve on the six Board committees. Notwithstanding this, he will keep the matter under review.

He additionally advised that the CEO has a standing invitation to attend Committee meetings and will do so in the near future.

The Chairman reminded members of the need, as expressed in the report, not to stray into discussions on specific debtors or cases or operational matters.

The Chairman advised that the Committee's feedback would feed into the Board's meeting on the evaluation reports on 10<sup>th</sup> October 2013.

# **10.    Headline Report**

## **Matter for Approval**

**Committee Paper:** *NIAC Headline Report as at 24<sup>th</sup> September 2013*

Mr Milligan updated the Committee on the Headline Report as presented and the Committee **agreed** that item 3-2013 could be closed-out, while items 6-2013 and 7-2013 would remain open.

# **11.    Committee Work Plan**

## **Matter for Information**

**Committee Paper:** *NI Advisory Committee Workplan 2013 (as at 7<sup>th</sup> October 2013)*

Mr Ward updated the Committee on progress with respect to the Committee's agreed work plan for 2013, and advised that the Committee's next written update to Board would occur in November.

# **12.    AOB**

## **a. NI Chamber Event (24<sup>th</sup> October)   key messages**

## **Matter for Information**

**Committee Paper:** *N/A*

The Committee noted that the key messages for the NI Chamber event would be as discussed under strategic opportunities   orderly disposal (no fire-sales), cap-ex investment, social housing, and vendor finance availability.

**b. Meeting Dates 2014**

**Matter for Approval**

**Committee Paper:** *Proposed Meeting Schedule 2014*

The Committee **agreed** the meeting dates for 2014 as presented.

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



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**Frank Daly, Chairman**

**9<sup>th</sup> December 2013**

## NORTHERN IRELAND ADVISORY COMMITTEE

*Fifth Meeting of 2013: 9<sup>th</sup> December 2013, 10:45 am - 12:05 pm*

Treasury Building, Grand Canal Street, Dublin 2

### 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
Elaine Hudson	Incoming Secretary
Stanley McGreal	University of Ulster (part of) item 6 only <sup>1</sup>
Jonathan Milligan	Senior Divisional Manager (NAMA)
Martin Whelan	Head of Relationship Management (NAMA)

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

The Committee noted the resignation of Mr. Frank Cushnahan as a member of the Committee with effect from 8<sup>th</sup> November 2013, and the Chairman advised that he had written to Mr. Cushnahan to acknowledge his resignation and to thank him, on behalf of the Committee and the Board, for his contribution to the Committee and NI Strategy since his appointment in 2010.

The Chairman introduced Ms. Elaine Hudson, the incoming Secretary to the Committee.

**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.

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<sup>1</sup> By telephone



**Items Considered** (in order of consideration):**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 7<sup>th</sup> October 2013*

The Committee **agreed** the minutes of its meeting of 7<sup>th</sup> October 2013.

**3. Matters Arising**

The Chairman advised that further to item 4(c), an update on engagement in relation to social housing would be taken under item 4(c), while further to item 4(d), an update would be provided under item 5 on NAMA's engagement with the UUJ Research Team.

**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:

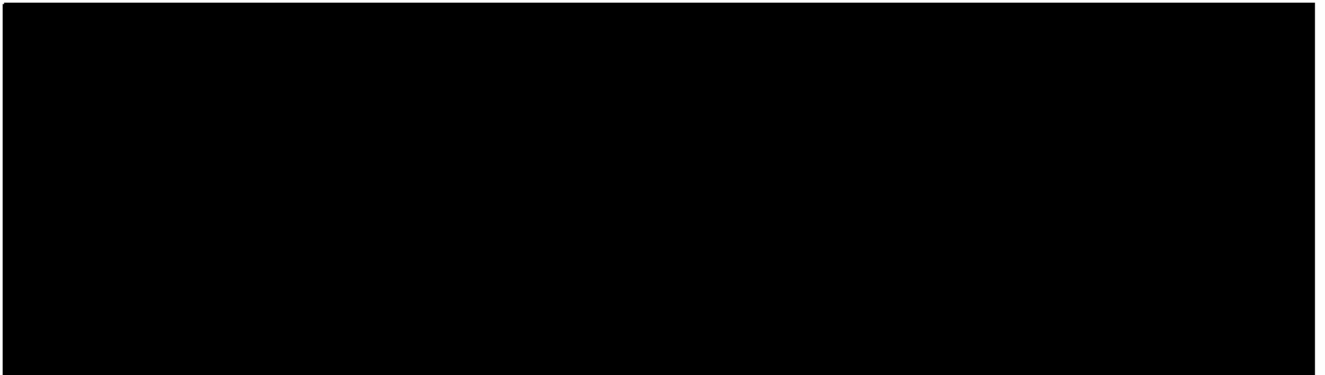
- 2 of the 16 NAMA-managed Connections remain subject to business plan negotiation and 4 of the remaining 14 Connections are designated non-consensual;
- 18 of the 32<sup>2</sup> PI-managed Connections are designated non-consensual;

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<sup>2</sup> The number of PI Connections has reduced as some Connections are now grouped and reported-on only once.

- NI (debtor) asset sale approvals totalled £129.9m (+ £23.5m since last update), although the majority of approvals relate to assets in GB;
- New advances to NI debtors totalled £142.6m (+£1.6m since last update);
- Insolvency appointments totalled 27 (+1 since last update);
- Enforced assets for sale 126 NI (value £33.5 million) out of NAMA total 2,162 assets representing 6% of the total assets for sale (-1% since the last update).

The external member advised that he had heard, anecdotally, of prospective purchasers experiencing delays in getting information from, or achieving progress with, NAMA appointed administrators, and that complaints were finding their way into the NI political system, and being labelled as “NAMA delays”. The Head of Asset Recovery asked the external member if he could relay any specifics to him in due course to allow NAMA to further investigate the complaints.



The external member advised that there were mixed messages being heard from the political system regarding NAMA’s role (i.e. “it’s working”/“it’s not working” for NI) and an over-estimation of NAMA’s exposure in NI. He further advised that Personal Guarantees (PG), as raised by Minister Hamilton at the meeting with the Chairman on 7<sup>th</sup> October 2013, remains an issue of acute political sensitivity in NI. The Head of Asset Recovery advised the Committee that this was an area of difficult discussions with NI debtors (who argue they are not subject to ROI legislation), and that in some instances debtors are being asked to step aside where there is no value underpinning their PGs.

The external member raised a concern regarding the dearth of new home building, which he suggested was seeing a return to speculative trading in land.

#### 4c. Housing Associations

##### Matter for Information

##### Committee Paper: *N/A*

Mr. Milligan updated the Committee on NAMA's recent engagements in relation to social housing. He advised that he and the Head of Asset Recovery had met with the Chief Executive, Cameron Watt (and new Deputy Chief Executive, Jennie Donald) of the NI Federation of Housing Associations (NIFHA), together with various Housing Associations, outlining 20 sites identified by NAMA as potentially suitable for social housing purposes. Further engagement with the NIFHA is planned for early 2014.

Following the Committee's last meeting and the suggestion that NAMA engage with the Department of Social Development (DSD) and NI Housing Executive (NIHE), Mr. Milligan advised the Committee that he and the Head of Asset Recovery had engaged with Siobhan McCauley of the NIHE, nominated by the DSD to liaise with NAMA. The meeting entailed an outline of the 20 suitable sites for social housing, NAMA's discussions with the Housing Associations to date, [REDACTED]

The external member advised that there was significant growing frustration in NI in relation to the Housing Associations' failure to deliver, which for 2013 will see the return of unused funding to the Exchequer – an unprecedented situation. Furthermore, he advised that Barclays (for example) which had extended a credit line for social housing was frustrated by the lack of drawdown.

In order to achieve tangible progress, the external member recommended that NAMA consider engagement with some large Housing Associations based in England and Scotland with a view to them acting as a partner (on the finance side) with a respective NI Housing Association, as the large UK associations were active in the bond markets. After discussion, it was agreed that this would be best facilitated through the CEO of the NIFHA.

## 6. NI Strategic Opportunities

### Matter for Information

#### **Committee Paper:** *NI Quarterly House Price Index (Q3 2013)*

Professor Stanley McGreal of the University of Ulster briefed the Committee on the findings of NI Quarterly House Price Index report for Q3 2013. The Committee noted the key points:

- Transaction levels are returning to what could be considered normal levels (although below peak);
- Confidence is returning to the market;
- Recovery is being experienced at different paces, across sub-markets by property type and location (as with ROI) recovery being strongest in Belfast and surrounding areas including Lisburn and North Down;
- While prices are gradually stabilising, no short-term surge in prices is anticipated;
- Finance/Cap-ex opportunities for new development are scarce.

The Committee noted that 75% of house sales were less than £150,000 and that both First Time Buyers (FTB)(having greater access to mortgage products) and Investors (in a strong private rented sector, seeking rental yield more so than short medium term capital growth) were active in the market although the latter, anecdotally, were using cash to purchase property in many instances.

The Committee noted that the UK ‘Help to Buy Scheme’, which is to become active in early 2014 in NI, would likely be of benefit to the market, bringing further FTB interest and demand.

The Committee noted that further examination was warranted on the potential impact on price of the dearth of new resi building; the possibility of an increase in downsizing (post-crash); and the implications of the delegation of planning powers to the local councils.

The external member suggested that a lack of new resi building could fuel price rises post-stabilisation, and that new building could help stimulate demand. The Committee agreed that any new resi building would need to be focused on the right product, and could require the reconfiguration of planning permissions (e.g. from apartments to own door houses).

The Committee noted the cap-ex opportunities being explored by NAMA, including in Belfast, Moira, Jordanstown and Bangor, and that these correlated positively with the report outputs.

The Chairman thanked members for their input and recommended that the key points be conveyed to the Strategy Team in the context of the NI Asset Strategy.

## 5. UUJ Project Update

### Matter for Information

#### **Committee Paper:** *NI Resi Development Landholdings Research Update*

Mr. Milligan updated the Committee on the progress of the research project, and advised that while unavoidable delays had been experienced, the overall timeframe for the delivery of the main Phase II report remained on track. Furthermore, the initial report (with data sets updated) would bring NAMA's data up to end 2013 (where previously it had been to end 2012).

The Committee noted that a cross divisional NAMA steering group was in situ and that a plan for the Phase II research output had been agreed (following the recent meeting on 4<sup>th</sup> December 2013 with the UUJ Team).

The Committee noted that the initial (updated data set) report would be tabled at the Committee's meeting on 28<sup>th</sup> April 2014, with the second report remaining on schedule for completion by September 2014 with the Committee to decide in April if it wishes to see an interim report in July 2014.

The Committee noted that Phase II will include an examination of NAMA planning permissions and whether, in instances, such permissions need reconfiguration to make for viable new product.

## 7. Communications & Stakeholder Engagement Update

### Matter for Information

#### **Committee Papers:** *NIAC Communications and Stakeholder Engagement Update; Meeting Note meeting with the Minister for Finance & Personnel, 7 October 2013; Interview with the NAMA Chairman in NI Chamber Magazine*



*October 2013; & NI Press Clippings, October - November*

The Head of Relationship Management updated the Committee on public affairs, media and stakeholder engagement activity since the previous meeting, including the positive NI Chamber event, “NAMA: 3 Years On”, on 24<sup>th</sup> October 2013 at which the Chairman reiterated key NAMA messages in NI (equally conveyed through the Chairman’s article in the Chamber’s magazine, and the Head of Asset Recovery’s article in *Spreadsheet*).

The Committee noted that Invest NI was more proactively promoting NAMA’s vendor finance product in NI.

The Committee discussed the continuing misperception regarding NAMA’s exposure in NI and agreed that some effort should be made to illustrate NAMA’s relative exposure vis à vis the other financial institutions (even in aggregate form). It agreed that the End of Year 2013 Statement, tailored for NI, might offer such a possibility as would the events with the NIABT and Ulster Society of Chartered Accountants, both in Q1.

The external member suggested that NAMA engage with the larger local councils in NI regarding the local development opportunities with a view to distilling the message regarding cap-ex opportunities beyond the centre. The Committee noted that planned engagement with NILGA and SOLACE would offer such an avenue to do so.

The Committee noted that the invitation from the NI Assembly Committee on Finance & Personnel remained in situ but that the Agency was not minded to respond positively at this time.

The Committee noted that the IBRC Office in Belfast was raised at the NI Banking Select Committee Inquiry at Westminster.

## **8. Chairman’s Update from Board**

### **Matter for Information**

**Committee Paper:** *NIAC Committee Update to Board (14<sup>th</sup> November 2013)*

The Chairman briefed the Committee on the recent formal update to Board, and advised that the situation with respect to IBRC Integration would become

clearer as the Special Liquidators' sales process proceeded towards conclusion.

The Chairman advised that the Away Day was now confirmed for Wednesday, 5<sup>th</sup> February 2014 and that the external member would receive confirmation of the precise timing of the Board-Committee session shortly.

## 9. **Headline Report**

### **Matter for Approval**

**Committee Paper:** *NIAC Headline Report as at 2<sup>nd</sup> December 2013*

Mr Milligan updated the Committee on the Headline Report as presented and the Committee **agreed** that item 7-2013 and 8-2013 would remain open.

## 10. **Committee Work Plan**

### **Matter for Approval**

**Committee Paper:** *NI Advisory Committee Workplan 2013 (as at 9<sup>th</sup> December 2013) & NI Advisory Committee Workplan 2014*

Mr. Ward advised the Committee of the completion of the Committee's agreed work plan for 2013, and presented the work plan for 2014, advising of the slots for external presentations on the economy and property market (for Belfast meetings) and the opportunity for the Committee to input on the NI Asset Strategy review in June 2014. He suggested, subject to Committee approval, that the UUI project be included with reports due in April and October.

Subject to the addition of the UUI item, the Committee **approved** its work plan for 2014.

## 11. **AOB**

### **Next Meeting**

The Committee noted that its next meeting was scheduled to take place in Belfast on 10<sup>th</sup> February 2014 with the venue to be confirmed in due course.

It noted however that the presentation of the UUI's initial Phase II report to the Committee's April meeting might warrant switching the venue for the February meeting to Dublin, allowing for a meeting in Belfast on 28<sup>th</sup> April 2014.

**Committee Secretary**

The Chairman, on behalf of the Committee, thanked Mr. Ward for his contribution to the effective operation of the Committee and wished him well in his new role with the NAMA Strategy Team.

There being no other business the meeting concluded at 12.05 pm.



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**Frank Daly, Chairman**

**28<sup>th</sup> April 2014**



## NORTHERN IRELAND ADVISORY COMMITTEE

*First Meeting of 2014: 28<sup>th</sup> April 2014, 10:45 am - 12:30 pm*

**Ewart Suite, Hilton Hotel, Belfast**

### Attendance:

#### Committee Members:

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

#### Invitees:

Elaine Hudson	Secretary
Gareth Hetherington	Northern Ireland Centre for Economic Policy 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 first meeting of 2014. 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 (in order of consideration):

#### 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 9<sup>th</sup> December 2013*

The Committee **agreed** the minutes of its meeting of 9<sup>th</sup> December 2013.

## 3. Matters Arising

The Chairman advised that further to item 5, an update would be provided under item 6 on NAMA's engagement with the UUJ Research Team and that further to item 7, an update on Communications and Stakeholder engagement would be taken 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:

- Aside from Project Eagle, there was little change in the underlying NI Portfolio since the last update;
- 2 of the 16 NAMA-managed Connections remained subject to negotiation and 4 of the remaining 14 Connections were designated non-consensual;
- 18 of the 32<sup>1</sup> PI-managed Connections were designated non-consensual;
- NI (debtor) asset sale approvals totalled £135.8m (+ £5.9m since last update);
- New advances to NI debtors totalled £144m (+£1.4m since last update);
- Insolvency appointments totalled 27 (unchanged since last update);

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<sup>1</sup> The number of PI Connections had reduced as some Connections were grouped and reported-on only once.

- Enforced assets for sale 159 NI (value €27 million) out of NAMA total 2,541 assets representing 6% of the total assets for sale (-1% since the last update).

Mr Hanna briefed the Committee on the significant amount of work undertaken in relation to Project Eagle which entailed the appointment of Lazard, as corporate sales advisor, and the furnishing of the data room with significant volumes of detailed data (including details of the security underlying each loan). The Committee noted that the multi debtor profile of Project Eagle rendered it unique. Mr Hanna advised the Committee that, in order to manage the Business As Usual (“BAU”) Portfolio in parallel with the Project Eagle sales process pragmatically, a protocol had been put in place with Cerberus, the Preferred Bidder, whereby NAMA would advise Cerberus of any enforcement actions and/or key decisions in relation to the Portfolio. The Committee noted that the deal with Cerberus was due to close before the end of May 2014. The Committee noted that the Project Eagle loan sale represented a significant vote of confidence in the NI economy.

Mr Milligan advised that, following completion of the Project Eagle loan sale, a small residual portfolio comprised of 27 assets (c. 5% of current NI portfolio) would remain (relating to NI assets on behalf of RoI debtors). The Committee noted that the residual portfolio was comprised of a number of notable assets [REDACTED] in addition to some smaller apartments and land assets. The Committee noted that, following completion of the Project Eagle loan sale, Cerberus could be approached to consider whether they were interested in acquiring the residual NI portfolio assets.

[REDACTED]

The external committee member advised that while there was strong demand for housing by the private sector in NI there were significant restrictions in terms of mortgage availability. The external committee member advised further that, following welfare reform, significant incremental income (c. £500m) may be taken out of the economy, with consequential ramifications for retail spending and lower paid employment (student part time jobs in supermarkets etc).

## 5. Economy and Property Market Update

### Matter for Information

**Committee Paper:** *NAMA NI Advisory Committee Economic Briefing & NICEP Outlook Spring 2014*

Mr Hetherington delivered a detailed presentation to the Committee with respect to the NI economy and property market, which formed the basis for considerable discussion by the Committee in relation to the impact of the recession in NI, indicators in the regional and sectoral property ‘sectors’, and medium term economic prospects. The Committee noted that in terms of sustainability, while the NI consumer could continue to support the NI economy for the next few years, the baton of economic recovery was expected to be handed over to Business Investment (which had not happened to date due to a residual over capacity issue and lack of confidence in the consumer) and to improved Trade performance over the medium term.

In response to a question from the Committee Mr Hetherington said that the Project Eagle loan sale to Cerberus should engender confidence in the NI economy and hopefully attract other significant investors to NI which would support the commercial property market.

The Chairman thanked Mr. Hetherington for his contribution to the meeting and noted that the presentation was valuable in the context of NAMA’s formulation of its overall strategy.

## 6. UUJ Project Update

### Matter for Information

**Committee Paper:** *N/A*

Mr. Milligan updated the Committee on the progress of the research project, and advised that the NAMA’s data set was close to being updated to end 2013 (where previously it had been to end 2012). Mr Milligan advised that the UUJ, aware of developments in relation to Project Eagle, had requested clarification in relation to the future direction (if any) of the research project. Mr Milligan advised that the options available to NAMA included:

- (i) To continue with the research project as originally planned;

- (ii) To ascertain whether Cerberus wished to assume NAMA's role in relation to the research project;
- (iii) To close most of the project out and present the report to relevant NI Stakeholders including the NI Executive.

Following discussion the Committee agreed that it would be preferable to achieve some level of co-ordinated closure with respect to the research project. The Committee noted the two key milestones in relation to the project namely (i) the initial report (with data sets updated) which was due in Q2 and (ii) the main Phase II report which was due to be delivered in September 2014. The Committee noted that the Housing Executive and Strategic Investment Board, which together represented 40% of the public sector, had joined the project and had submitted their data sets. Mr Milligan commented that the UUJ had commended the data set submitted by NAMA (from its PMS system), in terms of its comprehensive, high quality nature with significant asset decomposition and including all PI data.

In response to a question from the external Committee member, Mr Milligan advised that were Cerberus to join the research project, they would have no commercial advantage as a result, with each party only receiving their own dataset against an anonymised, aggregated peer overview.

Following consideration, the Committee requested that a proposal in relation to the UUJ Research Project be brought back to the Committee and to the NAMA Board respectively. The Committee agreed that it was preferable to remain involved with the project until delivery of the Phase II report in September 2014.

## **7. Communications & Stakeholder Engagement Update**

### **Matter for Information**

**Committee Papers:** *NIAC Communications and Stakeholder Engagement Update;*

The Head of Relationship Management updated the Committee on public affairs, media and stakeholder engagement activity since the previous meeting, including that Project Eagle had attracted considerable attention from online, broadcast and print media in Northern Ireland, the Republic and Britain. The Committee noted that the sale and the manner in which it was conducted were welcomed by the Minister for Finance and the Northern Ireland First Minister.

The Committee noted that, in advance of the Project Eagle announcement, NAMA was formally invited to appear before the Northern Ireland Assembly Committee for Finance and Personnel. NAMA previously advised the Assembly Committee that whilst it was in a position to provide the Chairman of the Assembly Committee with a one-to-one briefing it did not envisage formally appearing before that Committee.

The Committee noted the Stakeholder engagements since the last meeting as outlined in the paper. Following discussion, the Committee agreed that, following completion of the Project Eagle loan sale, the communications strategy in relation to same might best be served by granting a 'close out' interview with the Chairman of the Board/Northern Ireland Advisory Committee. The Committee noted that it might be useful to include a message to the relevant Housing Associations that there was no longer any suitable assets in NAMA's residual NI portfolio (post Project Eagle) that would be relevant and a recommendation that they contact the new owner.

## **8. Chairman's Update from Board**

### **Matter for Information**

#### **Committee Paper: N/A**

The Chairman briefed the Committee on the recent formal update to Board, and advised that following the success of the IBRC loan sale process, the Minister had withdrawn the Direction to NAMA to acquire any unsold IBRC loans. The Chairman advised that the significant preparatory work undertaken on foot of the Direction had been unequivocally necessary, notwithstanding the ultimate outcome.

The Chairman advised that the Project Eagle loan sale, which had been discussed earlier in the meeting, was due to close before the end of May.

The Chairman advised the Committee that the C&AG had issued their latest draft of their S226 Review of NAMA which would form an input to the S227 Review by the Minister and DoF. The Chairman commented that it was imperative NAMA achieved certainty in relation to its strategic direction as soon as practicable for all concerned, with a target date for same of end May 2014. The Committee noted that NAMA's organisational infrastructure and collective skillsets were an asset for the Government which could potentially



be redefined/re-profiled as an Asset Management function/Development Bank with an ancillary role as a 'controller of social impact'.

## 9. **Headline Report**

### **Matter for Approval**

**Committee Paper:** *NLAC Headline Report as at 28<sup>th</sup> April 2014*

Mr Milligan updated the Committee on the Headline Report as presented and the Committee **agreed** that, in the context of the Project Eagle loan sale, the remaining items should be closed.

## 10. **Committee Work Plan**

### **Matter for Approval**

**Committee Paper:** *NI Advisory Committee Workplan 2014 (as at 28<sup>th</sup> April 2014)*

The Secretary updated the Committee on progress with respect to the Committee's agreed work plan for 2014. The Committee noted that the items considered at the meeting would be marked complete.

## 11. **AOB**

### **External Committee membership**

The Chairman advised the Committee that, following consultation with the Minister for Finance, Mr Rowntree had been re-appointed to the Committee until the end of July 2014 at which time the matter would be considered by the Board. He took the opportunity, on behalf of the Committee, to thank Mr Rowntree for his time and valuable contribution to the Committee over the four years since his appointment.

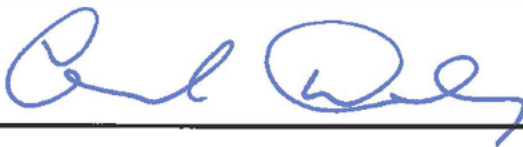
**Next Meeting**

The Committee agreed that it would consider convening a meeting following completion of the Project Eagle loan sale. In any event the External member would be briefed on the completion of the sale.

**Meeting with the First Minister**

The Chairman advised that Mr Hanna, Mr Milligan and he were invited to meet with the First Minister in the afternoon at Stormont.

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



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**Frank Daly, Chairman**

**8th September 2014**

## NORTHERN IRELAND ADVISORY COMMITTEE

**Second Meeting of 2014: 8th September 2014, 10:45 am - 12:30 pm**

**Ewart Suite, Hilton Hotel, Belfast**

### Attendance:

#### Committee Members:

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

#### Invitees:

Dr Martin Haran	University of Ulster
Prof Jim Berry	University of Ulster
Jonathan Milligan	Senior Divisional Manager (NAMA)

#### Apologies:

Brian McEnery	Board Member
Martin Whelan	Senior Divisional Manager
Elaine Hudson	Secretary

The Chairman welcomed the Committee members to the second meeting of 2014. 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 (in order of consideration):

#### 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 28<sup>th</sup> April 2014*

The Committee **agreed** the minutes of its meeting of 28<sup>th</sup> April 2014.

## 3. Matters Arising

The Chairman advised that following the successful completion of Project Eagle, NAMA had elected to continue to manage the residual assets and that an update would be provided under item 4. Mr Hanna advised that the Transitional Service Agreement (TSA) and legal document delivery phases of Project Eagle were on schedule for completion.

Mr Milligan informed the Committee that, following review with NAMA Relationship Management, a reactive stance had been taken with regard to enquiries from NI Housing Associations. He advised that to date Oaklee and Clanmill had contacted NAMA and had been provided with the contact details for Cerberus.

Items related to the UUJ Project and Communications & Stakeholder Engagement Update were dealt with under items 5. and 6. respectively.

## 4. NAMA NI Portfolio

### 4a. Remaining Portfolio Update

#### Matter for Information

**Committee Paper:** *N/A*

Mr Hanna provided a summary of the remaining NI portfolio with a headline value [REDACTED]

The Committee noted that the residual portfolio was comprised of 25 assets including 13 Commercial assets, seven residential assets and five Land & Development assets. Within the commercial segment [REDACTED]

[REDACTED] ad been previously advised to the Committee as Enforcement cases.

Mr Milligan advised that existing enforcement covered nine assets within the Portfolio and that this would increase to 16 following extensions in a small number of connections.

Mr Hanna noted that the portfolio had reduced dramatically from over 900 assets to 25 assets and that these were being managed within 11 non N.I. debtor connections on a business as usual basis.

## 5. UUJ Land Development Model Report

### Matter for Information

**Committee Paper:** *N/A*

The Chairman welcomed Professor Berry and Dr Haran to the Meeting and invited them to present the conclusions of their research 'Residential Development Land: Supply Side Dynamics and Policy Implications'.

Reflecting the revised scope for the research as agreed by the NAMA Board at its meeting of 17th July 2014 Dr Haran outlined, through a slide presentation, that the research was substantially complete reflecting the position of land holdings up to June 2014. In terms of the key messages emerging from the research the following were noted by the Committee:

- There were significant shifts between the main planning categories with sizeable increases in the levels of unzoned land. The Committee noted that while further interrogation was required, a partial explanation anticipated that it was due to more robust classification in the June 2014 data from contributors;
- In respect of the NAMA data 'ruthless' decomposition might be indicating a more pronounced reclassification than would otherwise be the case;

- The NAMA Portfolio (pre Project Eagle) remained strategically well located however the type of planning attaching to the underlying assets required reconfiguration;
- It appeared at the composite level that lending institutions might, to some degree, be maintaining planning consents on land assets which did not have a current workout plan and therefore were speculative in nature.

Mr Rowntree commented that more creative thinking around alternative uses for land was now required including Renewable Energy and a new model for Social and Affordable Housing.

Professor Berry outlined five key areas of Emerging Policy Issues which were the suggested context for submission to the NI Executive:

- Housing Land Availability
- Housing Supply
- Alleviating Housing Stress
- Housing Land Development
- Local Planning Priorities

The Committee discussed and provided feedback on the issues raised by the research conclusions in each of the key areas and the University of Ulster (“UU”) representatives undertook to reflect the feedback in the final report due to be submitted to NAMA by end-September 2014.

Mr Hanna proposed that the overall report should conclude with three recommendations to the NI Executive which would have significant impact on the Residential Development landscape in NI and this was agreed by all parties, while noting that the report was not a NAMA report. The UU representatives indicated a desire to recommend that the valuable platform developed with NAMA’s support should continue in existence beyond the Agency’s involvement. This was endorsed by the Committee and it was agreed that an appropriate sponsor for such continuation could be the Minister for Finance NI.

Following consideration, the Committee agreed that the final UUJ report should be submitted to the Minister for Finance NI through the relationship the Agency had maintained throughout its tenure with this office.

## 6. Communications & Stakeholder Engagement Update

### Matter for Information

**Committee Papers:** *NLAC Communications and Stakeholder Engagement Update;*

Mr Milligan presented the update to the Committee which noted that, depending on the outcome of discussions on [REDACTED] there might be further potential media requirements.

The Committee noted that NAMA's representation at the European Real Estate Society on 17th October 2014 and the presentation of the Phase II UUJ Research Report to the NI Executive were appropriate junctures to close out the NAMA NI Portfolio publicly. It was noted that an aligned media interview with the Chairman might also be undertaken.

## 7. Committee Effectiveness Evaluation Report 2014

### Matter for Information

**Committee Papers:** *Evaluation Report Northern Ireland Advisory Committee of NAMA*

The Chairman introduced the Evaluation Report which would be submitted to the NAMA Board. Mr Rowntree acknowledged the evaluation as a fair reflection of the very positive operation of the Committee with the main comments around the NI Portfolio Sale and reporting of the Committee's work to the NAMA Board.

The Chairman in concurring with Mr Rowntree's remarks stated that as this was the last NI Advisory Committee meeting the outputs of the evaluation would be noted.

Mr Rowntree commended and thanked the Committee Secretariat which had operated throughout the Committee's mandate and this was endorsed by Mr Soffe.



## 8. Chairman's Update from Board

### Matter for Information

#### Committee Paper: *N/A*

The Chairman referred to the Section 227 Review completed by the Department of Finance. This concluded with a satisfactory assessment of the initial three years of NAMA's activities and outlined the future strategic direction of the Agency which included disposal of 80% of assets by end-2016, and NAMA being a significant part of the response to shortages in residential and social housing provision and facilitating the development of the Dublin Docklands SDZ.

Mr Rowntree stated that NAMA had a very challenging balance to perform but was confident that it would achieve its new mandate with the very experienced staff working for the Agency. Mr Soffe noted the housing challenges particularly in the Greater Dublin Area and that in a rapidly evolving market the balance of power with regard to proven operators was changing.

## 9. Headline Report

### Matter for Approval

#### Committee Paper: *NLAC Headline Report – as at 28<sup>th</sup> April 2014*

Mr Milligan presented the report with open decisions 1-2014 & 2-2014 proposed for closure. The Committee agreed the closure of both items noting that a close-out communication plan would be managed by NAMA Communications.

## 10. Committee Work Plan

### Matter for Approval

**Committee Paper:** *NI Advisory Committee Workplan 2014 (as at 28<sup>th</sup> April 2014)*

Mr Milligan presented the update advising that a final Committee Update to the Board would take place at its November meeting. The Committee agreed the workplan as circulated.

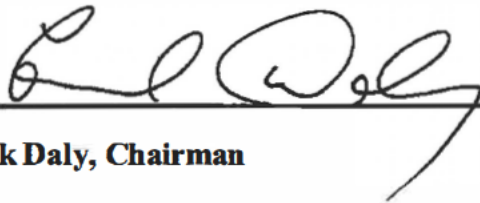
## 11. AOB

The Chairman, confirming this to be the last meeting of the NI Advisory Committee, formally recorded the appreciation of the Agency to all serving and past members of the Committee. He further conveyed the thanks of Minister Noonan to Mr Rowntree for serving as an External Member and the invaluable contribution that had meant to the Committee.

Mr Rowntree in turn commended NAMA for setting up the Committee which had proved a positive intervention in supporting the Agency's activities in Northern Ireland. He personally thanked the membership and the Secretariat for their comradeship and wished the Agency well in all its future endeavours.

Mr Soffe recorded the thanks to the Chairman for his stewardship of the Committee alongside his wider Agency responsibilities.

There being no other business the meeting concluded at 12.35 pm.



**Frank Daly, Chairman**

**4<sup>th</sup> November 2014**

## **Appendix 5**

- A copy of the minutes of NAMA meetings and conference calls with NI Ministers and officials.

<b>Meeting Minutes</b>			
<b>Date:</b>	24 January 2011	<b>Location:</b>	Stormont, Belfast
<b>Purpose of Meeting:</b>	Introduction Meeting (Richard Pengelly)		
<b>Attendees (NAMA):</b>	Ronnie Hanna, Jonathan Milligan		
<b>Attendees</b>	Frank Cushnahan, NI Advisory Committee Member Richard Pengelly, Ministerial Advisor, NI Department of Finance & Personnel (DFP)		

<b><u>Topic</u></b>	<b><u>Discussion</u></b>	<b><u>Action</u></b>
<b>NAMA Overview</b>	<ul style="list-style-type: none"> <li>• RH provided a general overview of NAMA with particular relevance to the NI portfolio</li> <li>• FC felt that engagement between NAMA and the NI Executive was important in terms of ensuring correct communication around the Agency's operation</li> </ul>	
<b>DFP</b>	<ul style="list-style-type: none"> <li>• RP outlined the current priorities for DFP, principally around the approval of the 4 year budget for Northern Ireland</li> <li>• RP expressed that the NI Advisory Committee was a helpful structure in liaising with the Minister and saw the opportunity for this to be built upon</li> <li>• Exchange of information was discussed and RP highlighted that with regard to Freedom of Information, discussions at government to government level were normally exempted as in the case of the North-South Ministerial Council</li> <li>• RP agreed to seek legal guidance on this issue and revert to the meeting attendees with the details</li> </ul>	RP
<b>NI Housing Conference 23 February 2011</b>	<ul style="list-style-type: none"> <li>• It was highlighted that RH will be a speaker at this conference which will be opened by the Minister for Social Development, Alex Atwood. RH's address will be on the impact of NAMA on the NI Housing Sector.</li> </ul>	
<b>JM/24.01.2011</b>		

**Internal File Note: Meeting with Department of Finance & Personnel (DFP), NI**

Date: Monday 28 June 2011

Time/Duration: 6.15pm/ 1 hr 15 mins

Location: Parliament Buildings, Stormont

Attendees: DFP Sammy Wilson, Minister for Finance & Personnel  
Simon Hamilton, Assembly Private Secretary to the Minister  
Richard Pengelly, Public Spending Director  
Siobhan Tweedie, DFP Private Office

NAMA: Peter Stewart, Frank Cushnahan, Jonathan Milligan

Apologies: Brian Rowntree

**Notes**

**Opening Remarks/Meeting Objectives**

SW introduced Simon Hamilton who will become Minister for the Department of Finance and Personnel halfway through the current assembly term.

SW referenced the previous meeting on 7 March 2011 and a recent meeting with Minister Noonan. The following areas were discussed.

**NI Advisory Committee**

PS updated SW that terms of reference of the committee were now agreed. Notwithstanding the agreement of same SW stated that it was the continued preference of the NI Assembly to have a Director from NI on the NAMA Board and he has asked Minister Noonan to review this acknowledging legislative change would be required.

**Debtor Business Plan Process**

SW requested an outline of the process, specifically when asset disposals would be made in parallel agreement of terms with a debtor and the requirement for provision a certified statement of affairs.

This was provided by PS and JM and it was highlighted that the process did not operate in a vacuum from business as usual engagement with debtors.

PS reiterated that NAMA can manage its disposal strategy in such a way as to avoid a fire sale.

**Asset Disposals**

SW understood from Minister Noonan that an Asset Disposal Plan was being drawn up by NAMA. JM responded that it was the intention of NAMA to provide generic details of assets already subject to enforcement on its website and SW and RP felt this could have been the item discussed.

## **NAMA 2010 Annual Report & Accounts**

PS advised that publication subject to necessary approval is intended to take place in the coming weeks. NI journalists would be included in any press release and SW asked that Stephen Grimason, Director of the NI Executive Information Service be included in this activity. This was endorsed by FC.

PS advised that NAMA had accepted an invitation to speak at an NI Chambers of Commerce Members Event (60-80 participants) on Thursday 6 October 2011. This was endorsed by SW

## **Liaison with Elected Representatives**

SW stated that Minister Noonan had agreed that a Liaison framework would extend to NI elected representatives.

RP contrasted this with several initiatives in NI whereby agencies had provided this type of facility.

## **Initiatives**

JM mentioned that NAMA were considering the opportunities for deployment of Vendor\Stapled Finance, a Deferred Consideration Product in the residential sector and Purchase of Assets.

PS confirmed the commercial property initiative would apply to NI and SW noted the recent press coverage of the acquisition of the Outlet Centre in Banbridge by the Ulster Bank West Register vehicle.

The meeting was made aware of a planned auction of assets in September by Osborne King in Belfast. SW opined that communication of NAMA's non-involvement with this event would be important. This was endorsed by FC.

## **Ongoing Engagement**

All attendees agreed to maintain engagement on key issues relating to the NAMA NI Portfolio.

Jonathan Milligan  
29 June 2011

### **Internal File Note: Briefing to NI Assembly & Business Trust (NIABT)**

Date: Tuesday 13 September 2011

Time/Duration: 8.45am 1 hr 15 mins

Location: Long Gallery, Parliament Buildings, Stormont

Attendees: Per attached attendee list – Appendix 1

DFP: Sammy Wilson, Minister for Finance & Personnel

NAMA: Ronnie Hanna, Frank Cushnahan, Jonathan Milligan

Apologies: Brian Rowntree

### **Notes**

#### **Opening Remarks**

Chris Lyttle MLA, Acting Chair, NIABT

The Chair welcomed a capacity attendance of 70 members to the first Business Trust event of the new Assembly session and the speaker from NAMA. Suitable reminders that the event was a closed session and that coverage on websites and social networks was not permitted were given.

#### **Presentation**

A copy of the 28-slide presentation is attached. This was delivered between 8.45-9.30am.

The main themes in relation to NAMA's NI Strategy repeated throughout the presentation were:

- Help in stabilising the market
- Generation of transactions
- Provision of liquidity/working capital
- The invaluable input of the Northern Ireland Advisory Committee in helping shape strategy particularly External Members, Frank Cushnahan and Brian Rowntree
- Phasing of Asset Disposals – no Fire Sales but no hoarding of assets
- Openness to working with stakeholders, particularly the public sector
- Capability to take a long term approach

At the conclusion of the presentation a Q&A session was undertaken; the following records the main substance of the session.

Peter Spratt, ASG Marketing & PR



Q: As regards NAMA's asset inventory what non-conventional tools does the Agency have at its disposal?

A: NAMA responded that the experience and range of people that had been recruited, in particular the property expertise in the Portfolio Management team is generating creative solutions. The initiatives around Stapled Finance and Deferred Consideration Mortgage were mentioned as examples together with exploring alternative options for land, a particular feature of the NI portfolio, with the public and private sectors. The experience of External members as well as staff from Northern Ireland was also a strong foundation on which to build.

The publication of the Affordability Index by the NI Housing Executive in July 2011 was an important indicator of residential house prices normalising.

John George Willis, Tughan's Solicitors

Q: Will the Deferred Consideration Mortgage Initiative be deployed in Northern Ireland?

A: NAMA responded that, subject to approvals, it is intended to launch a limited pilot in early 2012 as a proof of concept. If this is successful deployment in Northern Ireland will be considered however the extent of residential stock overhang is not pronounced in Northern Ireland and the NAMA portfolio is a smaller subset of this stock. Whilst remaining open to deploying the initiative NAMA commented that other solutions working with other stakeholders may be more appropriate.

Joanne, Chair, Institute of Directors & Attrus IT

Q: What is the split of the NAMA Portfolio between performing and non-performing loans?

A: NAMA responded that at the point of acquisition from participating institutions many loans were in default pending transfer. As the Debtor Business Plan process has progressed many non-performing loans have been redesignated as performing as terms have been agreed with debtors. Previous indications of performing loans had been advised as 25% of the portfolio however as the Business Plan process is completed this figure is likely to improve.

David Watters, RSM McClure Watters, Insolvency & Business Restructuring

Q: What monitoring mechanisms does NAMA have in place to ensure decisions are made within designated response times?

A: NAMA responded that a sea change with debtors had rightly taken place whereby proper credit assessment was taking place compared with the boom period where decision making happened too fast and without due diligence. That said NAMA has robust monitoring processes to ensure that its own processes and that of Participating Institutions adhere to agreed timescales. It was also highlighted that processing of requests was predicated on debtors providing full and honest information to NAMA and that this was not always forthcoming in which case the process may take longer.

Sheila McClelland, NIABT Secretary

Q: If developers are 'bust' what is in it for them to help NAMA work through their portfolio?

A: NAMA responded that there are a number of factors that may ensure loans are managed on a consensual basis, which is the preferred approach. Firstly debtors remain liable to repay the full amount they borrowed or Par debt and working with NAMA to achieve the best possible outcome is in their own interests as any shortfall will be pursued, if recourse exists. Secondly is the integrity factor where many borrowers may have built up a business over years of business with good reputations and the operators are committed to staying the course with the business to try and sort the problems out. Lastly in limited circumstances through the Debtor Business Plan process it may be appropriate to retain the services of the operator on a tightly controlled basis. Provided the debtor is co-operating fully and making all efforts to recover the NAMA acquired loans, there may be scope to deploy some level of remuneration to the business or enter into upside sharing arrangements where stretching targets are exceeded.

Brian Lavery, CBRE Belfast

Q: How much working capital has been provided to NI Debtors?

A: NAMA responded that NI debtors have typically featured in the later tranches of loans acquired given the lower levels of debt quantum. In comparative terms therefore the level of working capital provided to NI debtors was smaller, likely in the region of €10 million. This however is influenced by a number of factors principally timing and the heavy concentration of undeveloped land in the NI portfolio which is effectively mothballed and does not require ongoing working capital. The issue of Ghost Estates does not present in Northern Ireland as the Republic of Ireland therefore the special funding that has been set up to secure and make safe such developments is also not in force.

### **Closing Remarks**

The Q&A session concluded at 10.00am and thanked the NAMA representatives for their briefing on a very pertinent session for the Northern Ireland community.

### **NIABT Website**

After the formal session had concluded a number of photo stills were taken for the NIABT website. By prior agreement the presentation slides were not distributed at or after the session.

<http://niabt.org/briefing-on-the-national-asset-management-agency-nama/>

### **Press Release**

In conjunction with the NI Assembly Press Office a short approved press statement was issued on Wednesday 14 September. This is attached as Appendix 2 and to date has been used by the Irish Independent and Belfast Telegraph.

Jonathan Milligan  
16 September 2011

## Appendix 1 – Attendee List

Colin Anderson	ASG
Michael Bell	NI Food and Drink Association
Stephen Bell	Lagan Group
Nicola Bothwell	NB Chartered Marketing
John Cairnduff	Ulster Bank
Thomas Clarke	H&J Martin
Leslie Cree MLA	UUP
A Cromwell	UUP Researcher
Frank Cushnahan	NAMA
Joanne Dobson MLA	UUP
Sammy Douglas MLA	DUP
Ivor Gibson	NIABT Secretariat
Tim Glenn	Tennants Textile Colours Ltd
Stephen Graham	Agriculture Committee Clerk
Bryan Gray	NIM
Ronnie Hanna	NAMA
Robert Harkness	Aldebaran Consultants
Gerry Hughes	Hughes McMichael
Alan Hunter	Law Society
Kim Johnston	Kim Johnston Executive Search
Neil Johnston	Royal Inst of Chartered Surveyors
Gillian Killiner 121 Dietitians	
Danny Kinahan MLA	UUP
Aidan Langan	Enterprise Equity Fund Management
Brian Lavery	CBRE
Chris Lyttle MLA	Alliance

William Martin	H&J Martin
Paul McAlister	Paul McAlister Architects
Shane McAteer	Finance & Personnel Committee Clerk
Gerard McCann	CBRE
David McClarty MLA	Independent
Sheila McClelland	NIABT Secretary
Basil McCrea MLA	UUP
Conall McDevitt MLA	SDLP
David McIlveen MLA	DUP
Gareth McGrath	NI Assembly Director of Engagement
Sara McKinty	McKinty Associates
Clifford McSpadden	CMS Global
Jonathan Milligan	NAMA
Chris Nelmes	The Outlet, Banbridge
Mike Nesbitt MLA	UUP
Neal Morrison	Savills
Gavin Norris	Alliance Policy Advisor
Nuala O'Neill	Royal Inst of Chartered Surveyors
Sandra Overend MLA	UUP
Gary Phillips	Tennants Textile Colours Ltd
Colin Pigeon	NI Assembly Researcher
Trevor Reaney	
John Rooney	Rooney Fish
Alastair Ross MLA	DUP
John Simpson	Economist
Louise Simpson	NI Assembly Outreach Manager
Sandy Smith	Enterprise NI

Peter Spratt	ASG
Joanne Stuart	Attrus
Kathryn Thomson	NITB
Brenda Turnbull	Island Regeneration
Christine Watson	Watsons Marketing
David Watters	RSM McClure Watters
Jenny Williams	Habitat for Humanity
John George Willis	Tughans
Sammy Wilson MP MLA	Minister for Finance & Personnel

### **Apologies**

Ross Brown	
Will Chambre	Chambre Public Affairs
Ben Collins	Royal Inst of Chartered Surveyors
Kay Collins	Goldblatt McGuigan
Aodhan Connolly	Chambre Public Affairs
Jennifer Cooke	Junior Chamber International
Stewart Dickson MLA	Alliance
George Dorrian	Independent Researcher
Bill Ellison	BSX2
Jayne Finlay	Legal Island
Karen Gibney	Barista Coffee House
Sam Goldblatt	Goldblatt McGuigan
Jackie Henry	Deloitte
David Little	National-Housing Building Council
Ross McCrea	Action for Children
Dr Alasdair McDonnell MP MLA SDLP	

David McNarry MLA	UUP
Wilfred Mitchell	FSB
Neal Morrison	Savills
Lord Rana	Andras House
Mark Riddell	Savills
Glyn Roberts	NIIRTA
John Stewart	NI Assembly, Director of Clerking

## Appendix 2 - Press Statement

### **NAMA addresses Northern Ireland Assembly and Business Trust [NIABT].**

#### **Update on position vis a vis Northern Ireland.**

**Tuesday 12<sup>th</sup> September 2011.** Senior Executives from the National Asset Management Agency [NAMA] have briefed the Northern Ireland Assembly and Business Trust [NIABT] in Parliament Buildings in Stormont today.

Ronnie Hanna, Head of Credit & Risk, briefed members of the Trust on progress at NAMA over the past 12 months and outlined the Agency's policy towards Northern Ireland assets.

Loans originating from Northern Ireland account for just 5% of the value of NAMA's total loan portfolio.

Hanna said that in addressing issues relating to NI loans in its portfolio, NAMA would seek to help stabilise the market, generate transactions, provide liquidity and encourage phased asset disposals. However Hanna said that the Agency was capable of taking a longer term approach where necessary.

Hanna also said that the Agency was committed to listening to players in Northern Ireland with a view to helping devise solutions for the NI marketplace; "We are very sensitive to the particular characteristics of the Northern Ireland economy and we are committed to listening to key stakeholders in that market and working with the NI public sector to ensure that our approach is appropriately tuned for this market."

#### **Further Information:**

Ray Gordon

Gordon MRM

Ph: +353 1 6650452

Ph: + 353 87 2417373



**Internal File Note: Meeting with Department of Finance & Personnel (DFP), NI**

Date: Friday 16 December 2011

Time/Duration: 1.15 pm/ 1 hour

Location: Craigantlet Buildings, Stormont, Belfast

Attendees: DFP: Sammy Wilson, Minister for Finance & Personnel  
Richard Pengelly, Public Spending Director  
Siobhan Tweedie, DFP Private Office

NAMA: Frank Daly, Frank Cushnahan, Brian Rowntree  
Ronnie Hanna, Jonathan Milligan

**Notes**

**Opening Remarks/Meeting Objectives**

FD thanked the Minister for the meeting and commented on the positive engagement between the NI Executive and NAMA.

SW endorsed this sentiment and stated that dormant assets in a stagnant market served neither party well and establishing a normally functioning property market was a priority of the Executive.

FD provided an overview of progress as the Agency at its second anniversary and the evolving public perception. In particular reference to Northern Ireland he stated that NAMA had stood by its commitments to not engage in fire sales, dump assets or add to the problems in the marketplace.

**NI Media Briefing**

A short discussion took place on the media briefing arranged by NAMA that morning and the pre and post radio and TV coverage that day, particularly on the potential extension of Deferred Consideration Initiative to Northern Ireland.

SW indicated he would be undertaking interviews which would include feedback on NAMA.

Following an update on the level of enforcements to date, and in response to a question from SW, FD felt that the level of enforcements had slowed. While some will continue to occur for a variety of reasons, an upswing was not anticipated.

(A separate internal note: NI Media Briefing 16 December 2011 is available)

**Initiatives/Other Opportunities**

Recent budgetary changes in the Republic of Ireland around residential home purchases and Upward Only Rent Reviews were discussed as positive steps in that economy.

BR highlighted opportunities for collaboration with the private sector on joint ventures utilising partner capital. The future decisions around Planning in Northern Ireland were also cited as a fundamental risk by BR to stabilisation of the market.

## **NI Advisory Committee**

FD provided an update on the Geoghegan Review. Minister Noonan proposes to set up an Advisory Group to the Minister on NAMA which will focus on the overall strategic issues for NAMA as the Agency moves into the next phase of its operation. The Minister may also ask the Group for advice in sourcing new members for the Board of NAMA as vacancies arise. The request to have a Northern Ireland Board member remains a matter for Minister Noonan.

The NAMA Board is currently reviewing its strategy for 2012 and following years and in response to a question from SW, FD confirmed that the NI Advisory Committee would be consulted in relation to the strategy as far as it related to Northern Ireland.

## **NI Debtor Business Plans**

RH advised that over 90% of debtor business plans would be processed by year-end 2011 and the next stage implementation with debtors would be intensive. This does not imply an acceleration of asset disposals rather working to enhance assets and investigate alternative uses. SW raised interest from Equity Fund investor and RH outlined the Board approved Loan Sales policy and the importance of appropriate due diligence on any investors coming forward was agreed as fundamental by both DFP and NAMA.

FD expressed disappointment at the level of requests for working capital given NAMA's objective to work with debtors on viable projects. RH provided an example of an NI company operating extensively in the UK where significant working capital had been provided. It was agreed that highlighting such examples, where possible would be beneficial.

## **Sales/Asset Disposals**

SW commented on the low values being received for disposals of public sector assets in Northern Ireland as required under its Programme for Government. NAMA concurred with this experience underlining the limited market for asset realisation and negative impact of auctions.

FD advised that NAMA is on track to meet its 2013 repayment target and that subsequent NAMA targets are under review.

## **Liaison with Elected Representatives**

NAMA advised very low traffic through the dedicated email address from NI representatives. SW proposed that opportunities to remind representatives such as Assembly Questions and Ministerial interviews could be used to highlight this channel and FD agreed with this suggestion.

## **Ongoing Engagement**

All attendees agreed to maintain open engagement on key issues relating to the NAMA NI Portfolio and a meeting in late Q1 2012 would be considered

Jonathan Milligan  
20 December 2011

## **Internal File Note: Meeting with Minister for Finance & Personnel, NI**

Date: Monday, 18 June 2012

Time/Duration: 2.45pm – 3.30pm (45 minutes)

Location: Parliament Building, Stormont, Belfast

Attendees: DFP: Sammy Wilson, Minister for Finance & Personnel  
Bill Pauley, Strategy Policy Unit, DFP  
Siobhan Tweedie, DFP Private Office  
NAMA: Frank Daly, Frank Cushnahan, Brian Rowntree, Willie Soffe  
Ronnie Hanna, Jonathan Milligan, Tom Ward

### **Notes**

#### **Opening Remarks/Meeting Objectives**

SW thanked the Chairman and NAMA attendees for their time and the opportunity to discuss NAMA's work in Northern Ireland. SW said that the initial worst fears in NI about NAMA had not been realised and he thanked the Chairman and NAMA for the good level of engagement that he and the Executive had received to date.

SW raised the issue of a possible Northern Ireland member on the Board of NAMA but appreciated that it is a political decision for the Minister for Finance in Dublin.

FD thanked the Minister for the meeting and chance to update him on NAMA's activities in NI since their previous meeting in December 2011.

#### **NAMA Activity and Approach to NI**

FD provided an update to the Minister including the following items/messages:

- NAMA has no interest in de-stabilising the NI economy;
- Business Plan assessments are complete with the exception of 2 out of 791; the remaining assessments relate to late acquisitions from NI debtors and will be processed in July;
- Post assessment of BPs, 2/3 of debtors appear have a commercially viable future;
- NAMA is not interested in fire sales, as supported by the recent C&AG's report;
- NAMA has a policy framework for NI Property which was reviewed by the Committee that morning and endorsed by the Committee including the external members;
- The recent €2 billion investment pledge by NAMA can include viable commercial projects in NI, on a case by case basis, and could continue to include significant funding for NI debtors with projects in the UK as has been the case to date;
- The €2 billion staple finance fund can also be accessed for viable NI commercial transactions.

RH added that NAMA is interested in value creation/enhancement in Northern Ireland and that it is in NAMA's interest that the NI property market returns to a normally functioning position.

RH said that NAMA and the NI Advisory Committee has been relatively assured by the interim findings of the UUI research presented to the NI Committee that morning, which found that NAMA has security over just 21.6% of land and property assets pledged as collateral to loans in Northern Ireland. This figure is significantly lower than perceived externally. The question that thus arises is who holds the remaining 78% and any precipitative action. RH noted that the desire of non-NAMA banks to deleverage quickly in NI is a problem.

SW agreed that non-NAMA banks including Ulster Bank and BOSI are pushing hard to deleverage and is depressing market values. SW will invite non-NAMA banks in for a meeting re strategies. FD said NAMA will participate in such a discussion if it is deemed helpful.

### **High Level Review of NAMA**

FD advised SW that most of the Geoghegan recommendations, where accepted by the Board, had been put in place, including the establishment of an Asset Management Division which signals the start of the next phase of NAMA's evolution, post-acquisition and business plan assessment. A particular focus of the new structure is to identify projects for capital expenditure which will meet longer term residential and commercial demand.

FD assured SW that the establishment of the Ministerial Advisory Group (MAG) has had, and will have, no particular impact for Northern Ireland and that the Northern Ireland Advisory Committee remains the primary channel for NAMA's engagement and advice on NI. The MAG's narrow TOR relate to broad NAMA strategy and Director vacancies at Board level.

### **Annual Report**

FD advised SW that the NAMA Annual Report for 2011 will be published at the end of July and that NAMA is exploring options to hold a parallel launch in NI.

### **Northern Ireland Assets**

FD provided an update to SW on Northern Ireland asset activity.

### **Vendor Finance**

RH advised SW that uptake on NAMA's vendor or staple finance had been low due to the preference amongst buyers for cash purchases and in NI, a lack, to date, of investment appetite with a need for more international buyers to join the market to set the scene for equity investment.

SW suggested that NAMA engage with *Invest NI* to ensure that the NI agency makes international clients aware of NAMA's staple finance initiative, particularly for FDI projects.

### **80:20 Initiative**

FD updated SW on progress with respect to the 115 home pilot of NAMA's 80:20 initiative, with homes for sale in Dublin, Meath and Cork. Progress with the pilot has been positive and once the pilot is evaluated, extending the initiative to NI is a possibility, but will likely require non-NAMA bank involvement. NAMA specifically undertook the pilot with houses rather than apartments as the former are more appealing to buyers.

SW advised that the 50% co-ownership housing scheme in NI is working well and separately that he plans to introduce legislation on the regulation of management companies in multi-unit housing schemes. He welcomed the possibility of extending the 80:20 initiative to NI.

### **Asset Management**

FD advised that NAMA's new Asset Management Division is driving NAMA's focus on assets with development potential. For example, there is a shortage of prime office space in Dublin and demand for good quality residential houses in parts of Dublin.

### **Conclusion**

SW thanked FD and the NAMA attendees for their time and the update, and his accessibility to NAMA. He said that it allows him to speak with confidence about NAMA and its approach in NI, and that hopefully as opportunities arise, NAMA will play a part in the return of a normal, stable property market in NI.

SW and FD closed the meeting by encouraging their officials to continue open dialogue to remove any obstacles regarding progress.

Tom Ward

26 June 2012

## **Internal File Note: Meeting with Minister for Finance & Personnel, NI**

### **For Internal Purposes Only: Not for External Circulation**

Date: Monday, 10 December 2012

Time/Duration: 2.30pm

Location: MFP Office, Parliament Building, Stormont, Belfast

Attendees:

DFP:	Sammy Wilson, Minister for Finance & Personnel Bill Pauley, Strategy Policy Unit, DFP Siobhan Tweedie, MFP Private Office
NAMA:	Frank Daly, Frank Cushnahan, Brian Rowntree, Ronnie Hanna, Jonathan Milligan

### **Opening Remarks**

SW thanked the NAMA representatives for attending. Overall he expressed general satisfaction with the level and nature of on-going engagement. NAMA has adopted a calm and measured approach which has not exacerbated any issues in the NI property market.

FD thanked the Minister for the meeting and chance to update him on NAMA's activities in NI since their previous meeting in June 2012.

### **NAMA Financial Update**

FD highlighted the following items/messages:

- NAMA is in a healthy cash state having generated €10bn since inception and €4bn in 2012
- Sales of £77m and New Money of £110m continue to demonstrate the steady approach on asset disposals and willingness to invest in viable projects
- Enforcement activity is relatively unchanged with just 2 extended appointments in recent months and remains proportionate
- Vendor Financing has yet to be availed of on NI assets despite calls from both the Minister and NAMA to bring forward proposals
- Approximately two thirds of debtors were working consensually with NAMA and this remains the core preferred strategy
- In summary NAMA had capital to lend to NI debtors both for working capital and to acquire assets

In response to SW, NAMA advised that enforcement activity was not envisaged as changing dramatically in the next period. SW highlighted the risk around heavy handed enforcements.

In relation to vendor financing RH noted that international equity investors are beginning to step up activity and build platforms in Dublin but their attention had yet to turn to NI opportunities. This was suggested as an area that the NI Executive may wish to consider and this was noted by the Minister.

## **NAMA NI Activity & Debtor Support**

FD 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.

SW welcomed the statements from NAMA that it was willing to consider opportunities when they arise such as in the case of the site at Junction One, Antrim for a petrol station.

SW also enquired as to how the process of a registered interest and an asset available for disposal join up. FD advised that subject to observing debtor confidentiality and the requirement for open marketing, NAMA can act as intermediary between such parties.

## **Pipeline Projects**

In response to a question from SW NAMA advised that a major scheme in East Belfast and finishing out some commercial assets in Belfast were the main pipeline projects at present. SW stated that NAMA support for construction projects will be warmly welcomed given the recent significant job losses in that sector.

## **80:20 Deferred Payment Initiative**

FD confirmed that NAMA was progressing the framework to extend this initiative to NI noting the two key elements as:

- the availability of stock – given the lower level of unsold completed stock the use of the initiative for new build stock may be considered as part of a pilot in Northern Ireland
- a financing lender will be required and a number of potential options were highlighted

BR also highlighted the opportunities for Co-ownership particularly with regard to rural versus urban locations.

SW welcomed the positive signals on this initiative and indicated that it would be of considerable significance in the NI market.

## **Vendor Finance**

FD reiterated earlier comments regarding the Agency's willingness to provide this type of financing for suitable NI assets. RH stated that the absence of deals indicated a missing element in the market particularly given the attractive terms on offer.

The impact of the NI Government Real Estate portfolio was also discussed in particular the role of the Strategic Investment Board (SIB) in the property market. SW undertook to consider what action the NI Executive could take to kick start such transactions.

## **Engagement with Housing Associations**

SW highlighted that underspend by the sector had resulted in funding being clawed back and development activity by Associations in undertaking new builds was at an all-time low. The reasons behind this were discussed. BR highlighted changes to grant funding structures.



Prior to the UK Budget Statement this week the NI Department of Social Development has released an additional £20M of grants to the HA sector that needs to be spent this financial year, primarily through advanced land purchases (ALPs).

NAMA has opened up engagement with the umbrella NI Federation of Housing Associations and has meetings arranged with the Clanmill and Oaklee Housing Groups in January to explore opportunities. BR highlighted the rules under which Associations could undertake acquisitions.

### **Emerging Trends – Debtor Relationships**

FD highlighted that all indicators are stable with improving engagement by debtors. An area which NAMA is keen to develop is to allow debtors working positively with NAMA to tell their story to the wider market and this was being progressed. SW responded that this would be an important part in efforts to restore confidence particularly against a backdrop of negative economic analysis in the media. FC indicated that pursuit of Personal Guarantees remains a key area of concern in NI and FD indicated that NAMA had a structured Board policy to deal with this issue over time. This was welcomed by SW.

### **UUJ Supported Research: Spatial Analysis of Residential Land Banks in NI**

SW indicated that he had recently met with Alastair Adair of UUJ. Commenting on the sound research report produced which NAMA had supported FD stated that a mechanism to leverage off the outputs in a wider policy context was discussed at the NAMA NI Committee and would likely feature as a second phase of the research. The importance of the NI Government Real Estate portfolio in the wider picture was also critical and options as to how this might be achieved were discussed.

### **Media Engagement**

FD acknowledged the Ministers positive endorsements of NAMA in recent months and opportunities to build on this including a project launch in East Belfast.

In response to media coverage by the Antrim Guardian of the proposed sale of a petrol station to ASDA at Junction One the Minister was briefed on the process NAMA is following and has used this to respond to the operator and Antrim Council both of which contacted his office. SW commended the proactive approach of NAMA.

### **Closing Items**

The need for proactivity by Insolvency Practitioners was highlighted as a priority by the External Members noting that slow decision making and asset management seemed to be the norm. RH indicated that a Strategy session with the IPs was planned pre-Christmas and the issue of performance was being actively managed. FD highlighted that NAMA wanted to hear of any problem examples relayed to the Minister in order that these could be investigated.

FD thanked the Minister for the Update opportunity and looked forward to the next meeting in Q2 2013.

Jonathan Milligan  
12 December 2012

## **Internal File Note: Meeting with Minister for Finance & Personnel, NI**

Date: Monday, 22 April 2013

Time/Duration: 2.00pm – 3.00pm (60 minutes)

Location: Parliament Building, Stormont, Belfast

Attendees:

DFP:	Sammy Wilson, Minister for Finance & Personnel (SW) Tony Simpson, Strategy Policy Unit, DFP Kim Burns, Senior Press Officer, DFP Siobhan Tweedie, DFP Private Office
NAMA:	Frank Daly (FD), Frank Cushnahan (FC), Brian Rowntree (BR), Ronnie Hanna (RH), Jonathan Milligan (JM), Tom Ward

### **Notes**

#### **Opening Remarks**

SW thanked the Chairman and NAMA attendees for their time and the opportunity to discuss the progress of NAMA's work in Northern Ireland. SW said that he appreciated the engagement and the relationship with NAMA to date but had a few concerns, as follows:

- The impact of the enforcement against the Kennedy Connection on the Ramada Hotel (Portrush) in light of the tourist season beginning and potential job losses;
- The pace of asset release for sale;
- The pace of roll-out of the 80:20 initiative; and
- NI representation on the Board of NAMA.

SW said that he appreciated the positive sign created by the recent NAMA announcement on Phase 1 of the Millmount development, and queried if there were other 'ready to go' capital investment projects which could be brought forward.

#### **Ramada Hotel (Portrush)**

FD said that NAMA's enforcement against the Kennedy Connection was consistent with its general approach to enforcement (i.e. the last resort following a rigorous process of extensive engagement with the debtor). The Receiver, with NAMA's encouragement, intends to keep the Ramada Hotel open as a going concern, and indeed the hotel had been re-opened within 24 hours of the notice of enforcement against the Connection. FD advised that NAMA is endeavouring to ensure that the hotel remains open in the long term and that the receiver was intentionally chosen as he had prior corporate knowledge of the asset.

FD said that the enforcement had led to requests for meetings from a number of NI politicians and NAMA's response was consistently that it could not discuss a particular case, only NAMA's general approach in NI. SW responded that he was aware of meeting requests from the UUP and SDLP to NAMA and pending questions in the NI Assembly regarding the Agency's operations in NI.

FD stated that the enforcement is not indicative of a change of NAMA policy in NI, as evidenced by the recent Millmount investment announcement and asset sales and cap-ex figures.

While acknowledging that he had some advance knowledge of general matters in respect of the Ramada Hotel, SW said it would be useful to have some warning of future pending enforcements, and FD said NAMA would try and do so to the extent possible. FD advised that no enforcements are currently imminent at NAMA managed level (notwithstanding 1-2 cases are challenging) but that enforcement at PI level is likely, affecting small scale connections, and would be a last resort. SW noted that even if small scale, the local political impact can be big as was the case with the Kennedy connection, a PI managed case.

FC said that the nature of cross-collateralisations meant that NAMA was potentially exposed if another lender moved to enforce first; some enforcement decisions could therefore be understandably defensive.

RH informed SW that NAMA approves all enforcement decisions, whether NAMA or PI managed, and that an AR manager meets with PI managed debtors pre-enforcement to verify that there is no other option (if this has not already taken place).

### **Assets for Sale**

On the suggestion that NAMA is slow to release property for sale, FD highlighted the NAMA asset sales figures and attempts to publicise the availability of NAMA vendor finance in NI – in this regard NAMA had been disappointed by Invest NI's reticence to take-up and promote the initiative more centrally on its website. SW said he would talk to the Minister for Enterprise, Trade & Investment on this matter and seek that better prominence be given to the initiative given that the lack of credit is a key issue in the NI economy.

In regard to SW point on the pace of asset release for sale, FD asked SW to forward details of particular assets he was referring to, and SW said he would and that asset sales were useful to generate activity and the perception of activity.

FD also highlighted NAMA's cap-ex investment, including Millmount and some waterfront projects in Belfast. SW asked if it would be possible to receive some investment figures and projects as evidence to support his inputs in the Assembly. FD said that NAMA could provide some detail on specific projects once debtor consent was forthcoming. FD said that NAMA's annual report 2012 will be published on 30<sup>th</sup> May and will be accompanied by a key achievements/results in NI fact sheet for the NI media and could be sent to SW in parallel.

### **80:20**

FD informed SW that the Board of NAMA had reviewed a proposal on rolling-out 80:20 in NI and had agreed to seek regulatory approval from the authorities; it was also engaging with prospective lenders (one of which had shown interest). The Board of NAMA however does have a concern that the unavoidable time lag in roll-out might mean that such a price protection product will no longer be needed when ready to launch, notwithstanding comments from Alan Bridle to the NIAC that morning that the Regional Economy is still struggling. FD requested that if SW or the Department had any ideas to tailor the initiative for NI in light of such concerns, he would welcome them for consideration. SW welcomed FD's offer noting that the 80:20 could be made available for the Millmount Scheme.

SW noted that the UK mortgage protection and equity schemes appeared to mimic NAMA's approach with 80:20, and advised that he had stated this positively to the Chancellor in a recent debate in the House of Commons.

#### **Board Member**

FD said, as before, that the appointments to the Board of NAMA are a matter for the Minister for Finance and that in the matter of Oliver Ellingham's recent appointment, his recent tenure on the IBRC Board (2011-2013) was a factor.

#### **IBRC**

SW said that he was receiving representations on behalf of the IBRC staff in its Belfast office who faced uncertainty regarding their jobs, and he asked if NAMA had formalised plans for IBRC staff. FD said it would be towards the end of year before clarity would be brought on the scale of integration of IBRC loans into NAMA (and resource requirements), and that the Board of NAMA's approved plans at present were to recruit a small number of legal and credit/case management personnel directly into NAMA, while Capita (for the existing IBRC managed NAMA portfolio) and the successful tenderers for the 'new' (to be acquired) portfolio would have opportunities for current IBRC staff. FD said that the Anglo model, including regional offices, had proved to be broken and he did not envisage a need for regional offices in the future – but that the Belfast staff could apply for the opportunities (as above). SW stated that continuity of employment for the affected staff of 30 people was a sensitive issue particularly if roles were relocated. FD said the NAMA CEO has met with Larry Broderick of the IBOA and been up-front about the likely recruitment scenarios. FD would further brief SW on general progress at their next meeting in October.

FD emphasised that the matter of redundancy was solely for the Special Liquidator and SW indicated that he understood this.

#### **Millmount**

FD highlighted the use of Lagan as a developer in Millmount Phase 1 and that based upon demand, subsequent development phases could be possible and supported by NAMA. FD noted that while salaries sanctioned for NAMA developers was a sensitive matter, where compliant it is more cost effective than utilising a receiver – a message NAMA needs to convey strongly said SW.

RH further advised that the NAMA Executive is exploring further development opportunities and that a current proposal in south Belfast could be feasible.

BR highlighted the need to appraise current planning permissions, particularly where demand for planned apartments has drastically declined.

#### **Housing Associations**

SW asked if any progress was being made with NI housing associations. RH indicated that NAMA was engaging primarily via the Federation of Housing Associations and with some individual associations (e.g. Clanmill) but that the associations weren't necessarily forthcoming with plans. RH said that unlike ROI, there was limited completed stock in NI. SW said that having underspent the housing budget in 2012 there should be more proposals forthcoming from the associations. JM commented that Housing Associations have raised funding as a barrier in the past. FD said that NAMA will be reverting again to the Federation.

## **UUJ**

FD updated SW on the UUJ research project and the next phase proposal which is being considered. SW asked if all financial institutions were involved and JM said that the research data provides 92% coverage of residential landbanks.

## **Closing Remarks**

Both parties commented on the timeliness of the meeting and the ongoing benefit in discussing NAMA's operations in Northern Ireland.

Tom Ward

24 April 2013

## **Internal File Note: Meeting with Minister for Finance & Personnel, NI**

Date: Monday, 7 October 2013

Time/Duration: 2.30pm – 3.45pm (75 minutes)

Location: Parliament Buildings, Stormont, Belfast

Attendees:

DFP:	Simon Hamilton, Minister for Finance & Personnel (SH) Bill Pauley, Strategy Policy Unit, DFP Siobhan Tweedie, DFP Private Office
NAMA:	Frank Daly (FD), Frank Cushnahan, Brian Rowntree (BR), Ronnie Hanna, Jonathan Milligan, Tom Ward, Martin Whelan

### **Notes**

SH thanked the Chairman and NAMA attendees for their time and the opportunity to discuss the progress of NAMA's work in Northern Ireland. He said that there were indicators the NI economy was turning a corner, and that while the property market was recovering, recovery was uneven, reflecting the fact that the market was actually a number of distinct sub "markets".

FD said that, likewise, the Irish economy is showing positive signs of recovery with similarly uneven levels of recovery rates in the property market. He said that there was growing international investor interest in Irish property and that NAMA planned to package two property portfolios for sale in the near future.

SH noted that NAMA had had a good working relationship with his predecessor, Sammy Wilson, assuaging initial fears regarding fire-sales and injecting cap-ex development into NI projects.

FD agreed that NAMA had followed through on its commitment not to fire-sell assets in NI. Furthermore, it was investing £140m stg in development projects and was willing to invest more if commercially viable projects were proposed. In addition, NAMA has earmarked €2 billion for vendor finance, which is open to buyers of commercial property both North and South. FD said he planned to reiterate these two key messages at the NI Chamber event on 24 October.

SH said he appreciated NAMA's engagement on the social housing front in NI, and also the cap-ex investment in Grade A office space, which was in limited supply. He asked about the 80:20 initiative and if NAMA planned to roll-out in NI.

FD said that the 80:20 product was coming towards an end in ROI, having been designed to address buyer concerns regarding negative equity at a time when prices were still falling. He confirmed that NAMA had explored the option of roll-out in NI, including engagement with the regulatory authorities but that the Agency could not secure a partner bank for the initiative.

SH said that likewise the UK 'Help to Buy' scheme appeared to be failing to gain traction with the NI banks.

BR advised that NAMA was a willing partner on social housing but that the housing associations needed to improve their approach. A possible site for social housing was mentioned and SH confirmed that a DFP conduit would be made available to NAMA.

SH raised concern about NAMA's pursuit of debtors' personal guarantees (PGs) and the impact this could have on the NI economy. He said there were particular political sensitivities in this regard. FD said that NAMA had to pursue PGs so far as possible but there might come a time when this was judged uneconomical. Assets had been returned to NAMA as a consequence of pursuit of PGs and funds realised would contribute to the capital investment available, including in NI.

FD mentioned the unsolicited offer for NAMA's NI debtor portfolio and that the matter would be discussed by the Board on 10 October. He said the two key issues for NAMA were price and a transparent sale – an off-market sale being contrary to NAMA's publicly stated policy and having political sensitivities. He was aware of SH's discussion with Minister Noonan on the matter. SH said that such a sale, if executed, would help deal with the PGs issue. All parties agreed that confidentiality at this juncture was very important.

SH raised the media's recent references to staff retention issues in NAMA. FD said that the market's improvement offered opportunities for NAMA's skilled and experienced staff, and that government policy on pay (incl. the pension levy) was having an impact. FD advised that the departures would not in any way affect NAMA's management of the NI portfolio.

Tom Ward

16 October 2013

**Internal File Note: Conference Call with Minister for Finance & Personnel, NI**

Date: Thursday 19 December 2013

Time/Duration: 11.50am – 12:05pm (15 minutes)

Location: Board Room, 3rd Floor, Treasury Buildings  
MFP Office, Parliament Buildings

Attendees: DFP: Simon Hamilton, Minister for Finance & Personnel (SH)

NAMA: Frank Daly (FD), Chairman, NAMA

In attendance: Jonathan Milligan, NAMA Asset Recovery

**Notes**

SH thanked the Chairman for facilitating the call and extended Christmas wishes which were reciprocated. The call followed the last meeting between the parties on 7 October 2013.

SH outlined the purpose of the call namely to seek an update on the unsolicited bid for NAMA's NI Debtor Portfolio in order to brief the First Minister (FM) and Deputy First Minister (DFM).

FD outlined that following direction from the NAMA Board on 10 October the engagement process with the interested party was continuing with the following noted:

- Data Room access had been provided and due diligence completed on the largest debtors in the portfolio
- An indicative bid price for the portfolio had been submitted by the interested party based on this due diligence

FD further advised that the Board had considered the bid particularly the request for exclusivity. This request raised issues for the Board given the Agency's publicly articulated policy on Open Marketing and the potential for knock-on impacts. FD advised that the Board had requested the Deal Team to undertake further work including facilitating the completion of due diligence on the remaining higher volume, lower value portion of the portfolio and options regarding the request for exclusivity.

Both parties agreed that the interest in the portfolio was a positive development and a desire not to lose the opportunity it presented. SH acknowledged the issues that Open Marketing presented for NAMA and that it was a matter for the NAMA Board.

SH wished to reiterate how it could play if it became known that a 'For Sale sign' was seen to have been put up over the NI assets by NAMA and the panic or reverberations that could follow, with particular significance to the fragile recovering NI property market.

FD acknowledged the feedback and reiterated NAMA's record on not destabilising the NI property market. FD stated that the Board had discussed whether a supportable option between exclusivity and full Open Marketing could be structured and had requested the Deal Team to revert with a paper to the Board in January 2014.



In response to this SH asked for a view on the process timeline and FD indicated that NAMA wish to conclude the process in a timely manner. Both parties agreed the very significant commercial confidentiality issues in play.

FD asked if the DFM was aware of the interest and SH confirmed this to be the case with updates provided by the FM. SH indicated that he would confidentially briefing both the FM and DFM following the call.

The call concluded with FD confirming that SH would be kept confidentially updated as matters develop without getting into commercial details.

Jonathan Milligan  
19 December 2013

**Internal File Note: Conference Call with Minister for Finance & Personnel, NI**

Date: Tuesday 7 January 2014

Time/Duration: 3.10pm (15 minutes)

Location: MFP Office, Parliament Buildings

Audio - Chairman

3<sup>rd</sup> Floor, Treasury Buildings

Attendees: DFP: Simon Hamilton, Minister for Finance & Personnel (SH)

NAMA: Frank Daly (FD), Chairman, NAMA

In attendance: Jonathan Milligan, NAMA Asset Recovery

**Notes**

SH thanked the Chairman for facilitating the call following on from discussions on 19 December 2013.

He advised that the First and Deputy First Ministers (FM & DFM) were both fully engaged with regard to the unsolicited bid for NAMA's NI Debtor Portfolio.

Ahead of various North-South Ministerial Meetings over the coming week he was seeking an update in order to brief the FM and DFM on the current position noting the desire expressed by FD in the previous call for a sale framework to be approved early in the New Year.

FD referred to the key Board discussion areas highlighted in the previous call namely the bid-price submitted and the request for exclusivity. In response a limited mechanism to market the portfolio in a highly confidential and timebound manner was being evaluated. This is due to be considered at a Special Meeting of the Board on the following day (Wednesday 8<sup>th</sup> January 2014).

SH responded that bid-price and process were a matter for NAMA but that the NI Executive had significant concerns as to how a disposal would be undertaken, particularly the potential for even a limited, timebound process to result in a leak of confidential information.

FD stated the risk of any sense that a 'For Sale' was seen to have been put up by NAMA over their NI Debtor portfolio was fully understood and being considered in the evaluation.

FD advised that following the Special Board Meeting he anticipated being able to brief SH on the essence of the decision, having first briefed Minister Noonan.

Highlighting that it remained subject to Board deliberation, consideration was being given to appointing a respected independent loan broker who would be given limited portfolio details with an estimated value level. In turn their mandate would be to advise NAMA if any other bidders could be interested in acquiring the portfolio and capable of completing the transaction.

FD indicated that with the background of media attention, particularly in recent weeks, around transparency on the Agency's operations that it would be difficult not to undertake of the portfolio which aligned to the Agency's policy of Open Marketing.

SH acknowledged the media coverage and stated appreciation to FD for the offer of a follow-up briefing.

FD stated there was a common desire to achieve the desired outcome without creating issues for Ministers nor impacting on North-South relations.

The call concluded with FD & SH agreeing to schedule a call on the afternoon of Wednesday 8 January, this to take place after FD had the opportunity to brief Minister Noonan.

Jonathan Milligan

7 January 2014

**Internal File Note: Conference Call with Minister for Finance & Personnel, NI**

Date: Wednesday 8 January 2014

Time/Duration: 3.10pm (10 minutes)

Attendees: DFP: Simon Hamilton, Minister for Finance & Personnel (SH)

NAMA: Frank Daly (FD), Chairman, NAMA

In attendance: Jonathan Milligan, NAMA Asset Recovery

**Notes**

FD opened the call following discussions on Tuesday 7 January 2014 noting that as advised, he had to brief Minister Noonan on the outcome of the Special Meeting of the NAMA Board.

FD advised that the NAMA Board had decided that it cannot grant exclusivity to PIMCO in relation to its bid for NAMA's NI Debtor Portfolio.

The Board had approved the immediate engagement of an investment bank to ascertain if any one of a small number of bidders would be interested in acquiring the portfolio, this mandate to be exercised over the shortest possible period with a target of four weeks.

FD indicated that this would provide NAMA with some marketing of the portfolio within a limited and targeted process.

SH responded that the information was consistent with the outline provided by FD on the previous day and he appreciated the confidential briefing.

SH asked if the investment bank would be fully appraised of the significant commercial sensitivities of maintaining confidentiality in relation to their mandate. FD responded that NAMA have worked with the investment bank previously and regard them highly.

FD stated that the need for confidentiality would be impressed upon the investment bank but that an absolute guarantee of confidentiality could not be given. He indicated that NAMA would not be advising PIMCO of the outcome of the Board decision and that this was highly confidential.

SH acknowledged this and sought reassurance that the mandate to the investment bank would not be billed as selling the NAMA NI Portfolio. FD responded that the mandate will be generic in nature however sufficient detail would have to be provided including geographies to ensure there was no subsequent challenges.

FD concluded the call by stating a recommendation would be submitted by the investment bank to the NAMA Board for their consideration within the timescales outlined.

Jonathan Milligan

8 January 2014

## Appendix 6

- Address by Mr Peter Stewart, Chairman of the NAMA Northern Ireland Advisory Committee, to the Northern Ireland Chamber of Commerce, 14 May 2010.

## **NICC Lunch P. Stewart NAMA Overview and NI Considerations**

Minister Wilson, President of the Chamber, Ladies and Gentlemen: Thank you for your warm welcome today. I am delighted to meet with so many members of the Northern Ireland business community at a time when the contribution from this sector in terms of acumen, expertise, knowledge and know-how will have a crucial influence in shaping the future economy of Northern Ireland.

In September 2009, Minister for Finance Brian Lenihan and Minister of Finance and Personnel Sammy Wilson, agreed to the formation of an advisory committee on Northern Ireland as part of the structure for the governance of NAMA.

I am particularly honoured to chair this committee on Northern Ireland. As my name might suggest, my father's family came from Scottish settlers in the days of the plantation of Ulster and for some generations their home was in Stewartstown near Dungannon in County Tyrone.

Indeed I have a long history of economic involvement, one could say even economic dependence, with this city of Belfast. After the Second World War my father's sister moved to Belfast and early each December from my infancy up to my late teens, an envelope with the Belfast postmark would arrive at our house and inside would be a shiny, new 10-shilling note. Many a Christmas present was bought with those 10 shilling notes.

This same aunt later married Elliot Forde who was a Director of the Northern Bank for over twenty years, a member of this Chamber *and* a President of the Institute of Bankers and he was an honest, decent and principled leader in the Belfast business community.

On Wednesday last we had our first meeting of the Northern Ireland advisory committee of the National Asset Management Agency where two other such respected leaders of the Northern Ireland business community joined us. These are Frank Cusnahan and Brian Rowntree, who will be well known to many of you here today.

Frank Cusnahan has had a distinguished career in banking and public service and currently holds senior posts in the office of the Deputy First Minister and First Minister of Northern Ireland.

Brian Rowntree is Chairman of the Northern Ireland Housing Executive and he has held a number of previous senior public appointments within Northern Ireland and on a cross-border basis. Both Frank and Brian have been honoured by the British Government for their services in Northern Ireland.

I have no doubt but that Frank and Brian will present fairly and clearly to our committee the particular issues that we must consider in relation to Northern Ireland and what is more, I am sure that their combined wisdom and substantial and relevant experience will be most valuable to my colleagues and me on the committee as we seek to guide and direct the work of NAMA over the coming years.

The remainder of the committee will be made up by two fellow non-executive Directors of the Board of NAMA: Brian McEnery and Eilish Finan and by Ronnie Hanna who has recently joined the agency, as a senior executive, from Ulster Bank in Belfast.

At our first meeting of the advisory committee we have considered and discussed both the background and the objectives and aims of NAMA. The objectives are clearly set out in section 10 of the National Asset Management Agency Act and these include the words “to deal expeditiously with the assets acquired” (that is the bank loans) and “protecting or

otherwise enhancing the value of those assets”. We will discuss at committee the strategy to be engaged by the Agency in relation to such assets based in Northern Ireland taking into account the situation of the market and of the economy in Northern Ireland and the anticipated impact of our intended strategy. I do not believe that there will be a conflict between the aims and objectives of NAMA and the best interests of the Northern Irish economy, rather I believe that there will be a convergence and coincidence of interests. It will be in the interest of all of us that the underlying assets be disposed of in a phased and orderly manner and, where necessary, we will take whatever steps we consider necessary, and are within our power, to facilitate the return of an efficient market to the whole of this island. We at NAMA have no interest in either flooding any sector of the market with property assets or in hoarding assets, which would be equally damaging.

Going back to our objectives, we are directed by the legislation to deal with the acquired assets expeditiously and to protect and/or otherwise enhance the value of those assets “in the interests of the State”. As Brendan McDonagh has previously stated, NAMA, through its operations, aims to achieve the best possible return for the taxpayer. The citizens of our State are now paying a high price for the uncontrolled financial gluttony that took such a hold on our economy. We all in NAMA have a huge responsibility to our citizens to act honestly, diligently and independently in the discharge of our responsibilities. NAMA has a big part to play in fixing the broken financial system.

Let me state that I consider my position as a Director of NAMA the most important job of my life I am certain that I can speak for Brendan McDonagh and Frank Daly in saying that they take their respective responsibilities just as seriously. Through the legislation and the codes of practice established for the officers of NAMA, the highest operating standards are, and will continue to be followed. I have the utmost confidence that our management is totally committed and wholly competent to achieve the tasks that they have been set, while remaining mindful of the interests of the citizens and taxpayers



whose interests we seek to protect. Furthermore, I am fully satisfied as to the level of non-executive oversight afforded to my colleagues and me.

The lending lunacy that seems to have stretched to every corner of the 26 counties didn't stop at the border, and in fairness I think there might have been a certain flow from North to South as well as that from South to North. We have been well briefed both at committee level and by talking with people today of the difficulties this has also imposed upon the people of Northern Ireland.

At our first meeting of the committee two days ago and again with all of you today I have listened carefully and will continue to listen. As we further define our strategy and direction going forward, my fellow committee members and I will carefully consider in formulating our strategy and direction how it will impact upon Northern Ireland. And in Frank Cusnahan and Brian Rowntree we have two good men to remind us of the Northern Ireland- specific context, issues and possible resolutions.

I wish to thank you all for your time and your courtesy today. I hope to be invited back again when I expect to be able to elaborate on the progress achieved in relation to our general objectives and that in the course of pursuing these objectives I hope that we can say that we have also played our part in restoring some order to the property market in Northern Ireland.

We trust you will understand that at this early stage we have been rather general in our remarks and therefore are happy to answer, as best we can at this point, any Northern Ireland specific questions that you might wish to pose.

Finally, I cannot end without a big thank you to my Aunt Sally for those wonderful 10 bob notes.

## Appendix 7

- Address by Mr Peter Stewart, Chairman of the NAMA Northern Ireland Advisory Committee, to the Northern Ireland Economic Conference, 29 September 2010.



*Remarks by*  
Peter Stewart,  
Chairman,  
Northern Ireland Advisory Committee  
National Asset Management Agency

**Northern Ireland Economic Conference**

*29<sup>th</sup> September 2010*

I am here today to speak to you in my capacity as Chairman of the Northern Ireland Advisory Committee of the National Asset Management Agency about the implications of NAMA for Northern Ireland.

Whilst it is an honour to speak here, in order to effectively fulfil my Northern Ireland role it is much more important that I listen, and that we in NAMA listen, and learn and by doing so get a full understanding of the market and other issues in Northern Ireland.

We have met with, and listened to, Minister of Finance and Personnel Sammy Wilson. We are aware of his excellent relationship with Brian Lenihan, our Minister for Finance. We have some understanding of the importance of the state sector in the Northern Irish economy, and we are mindful of the particular challenges that will be encountered with the cutbacks in state funding by the UK government.

On the Northern Ireland Advisory Committee we have two external members who are highly respected both politically and commercially, both of whom know Northern Ireland and its economy and who will not hold back in expressing their views. We also have on the committee a senior NAMA executive, Ronnie

Hanna who, prior to joining NAMA, spent 30 years with Ulster Bank in Belfast.

I have listened also to the earlier speakers at this conference today and look forward to your thoughts and comments later this afternoon.

Following the financial crisis of 2008 most of the major economies of the world needed to put in place structures for supporting their banking systems. A variety of models were used and the Irish Government proposed (and Parliament approved) the establishment of the National Asset Management Agency with a principal purpose to- and I quote- **“address the serious threat to the economy and the stability of credit institutions in the State generally and the need for the maintenance and stabilisation of the financial system in the State”**<sup>1</sup>

The NAMA Act of 2009 sets out the method by which NAMA will function in terms of the acquisition of bank assets from the participating institutions and states that NAMA should hold, manage and realise these acquired assets.

NAMA is now fully operational. It will have 100 staff by the end of this year. To date loans with a nominal value of £23 billion have been transferred into NAMA after a stringent due diligence process. We are on target for completion of all transfers with a nominal value of approximately £68 billion involving in the region of 14,000 individual loans to about 1,500 borrowers by early in 2011. We have developed a detailed business plan that sets out a ten-year timetable for the realisation of our acquired assets.

Other countries have taken different views on how to deal with their banking difficulties. There have been many critics of the NAMA process but I believe it is increasingly being seen as an effective solution to our banking difficulties. Such change in perception was exemplified in a recent article in The Economist of which stated, “In the long run Ireland’s response is the better one, but in the short term it puts pressure on the borrowing because the government has to keep injecting capital into broken banks.”<sup>2</sup>

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<sup>1</sup> National Asset Management Agency Act 2009

<sup>2</sup> The Economist – Ireland’s Banking Mess; Austerity is not enough to avoid the scrutiny by the markets – August 19<sup>th</sup> 2010

The establishment of NAMA and the other measures taken by the Irish Government and the decision of five Dublin banks to participate in NAMA has indeed provided a level of stability to our credit institutions. This extends to Northern Ireland; three of those participating institutions are significant players in the Northern Irish market. Two of these – Bank of Ireland and First Trust (part of AIB) - employ between them nearly 3,000 people and are bankers to businesses and households throughout Northern Ireland. Without State intervention there would have been a collapse in the banking system.

We recently met with Minister Wilson and he has explicitly recognised that without NAMA there would indeed have been a catastrophe in Northern Ireland. The ten year time frame of NAMA provides a vital breathing space to tidy up the hangover from the speculative binge of the years 2004 to 2007.

There has been a mistaken perception that NAMA is acquiring Northern Ireland-based properties at a discounted price. In fact, NAMA is acquiring loans from banks that are secured on Northern Ireland assets. We go through a full valuation process of these loans and the major factor included in this process is, of course, the value of the underlying security. The underlying securities are valued on a current market value basis as at 30<sup>th</sup> November 2009, in accordance with guidance notes and standards issued by NAMA. These valuations are verified by our own valuers and there is a review process. Current market values have been uplifted for long term economic value and in general terms this has averaged approx 10% value uplift.

Now I have said that NAMA will acquire bank debts rather than the underlying secured assets and clearly it would be our preferred option that this would be the continued method of operating. That is to say that the current owners, individuals or companies, would continue to manage the assets and would make interest and capital repayments to NAMA.

There will be cases where enforcement proceedings will be necessary, where NAMA will itself take control of the underlying security.

The choice for debtors is either one of consensual agreement or of enforcement. There are good reasons why debtors should wish to

assist NAMA in maximising the realisation of assets through a consensual approach.

These debtors; be they house builders, land speculators, developers or collectors of property assets have played their part in bringing the economies of this island to the present state. They cannot simply blame their misfortune on the world financial crisis or the over-exuberance of the bankers. They now have an opportunity, through working with NAMA, to make some amends for the damage that has been done. Secondly, they have the opportunity to avoid enforcement proceedings. Whilst it will be necessary in some cases to go through the full enforcement process, we believe that the debtors would also prefer that we do not have to go through the process of judgements, judgement mortgages, liquidations, bankruptcies, High court examination of debtors, disqualification of Directors, garnishee orders, instalment orders, and committal orders for failure to meet instalment orders. But be in no doubt that where it is necessary to take such steps, they will be taken. Our team at portfolio management have engaged with the first tranche of developers and we believe that there is an increasing air of realism about these discussions. This is not to say that we have yet achieved full agreement on the way forward but we are making good progress and we anticipate that we will reach a consensual approach in most cases.

The transfer of the eligible assets, that is bank loans, from the participating institutions – Bank of Ireland, AIB (First Trust in Northern Ireland), Anglo Irish Bank, EBS and Irish Nationwide - will be done in a number of tranches, with the completion date in early 2011. As I previously mentioned, the total number of loans to be acquired is expected to be 14,000 in number, so it can be understood that collating the data in relation to security for these loans is an enormous task. To date the nominal value of the acquired loans secured on Northern Ireland located assets amounts to £300 million.

Whilst we will not have an accurate picture of either the total value or the detail of the Northern Ireland secured assets until the full completion of acquisition, we have, on the basis of information supplied by the participating institutions, been able to come up with some estimates. Our qualified estimate at this point in time is that the total nominal value of loans secured on Northern Ireland assets will be in the region of £3.35billion. We further estimate that

this total can be broadly broken down into the following categories – undeveloped land £2 billion, investments about £1 billion, and property and land in course of development £350 million.

Our task in NAMA is to hold, to manage and to realise these assets. In our business plan, which was published in early July 2010, we have set out our targets for pay down of our NAMA debt as to; 25% by end of 2013, 40% by end of 2015, 80% by end of 2017 and 100% by end of 2019.

In order for NAMA to pay down its debt it clearly must achieve its own realisation of assets by; the sale of loans, by debtors' repayments to NAMA or by its own enforcement and then disposal of secured assets. We have clearly stated within our business plan that strategically we will take a neutral view as to the future market movements. We have further stated that we will not adopt specific policies for any geographical area. Therefore the key driver determining the timing of sales must be market liquidity.

We are not in any doubt that market liquidity is going to be a significant problem in Northern Ireland.

I have said that we have estimated the nominal value on loans secured on undeveloped land at £2 billion. CBRE, Belfast has given me their estimates of total market transactions in recent years. They have suggested that the normal market for land sales in the years 2000 to 2005 might have been about £100 million per annum and that this volume of transactions spiked up to about £750 million, that is, an increase to seven and a half times the normal level, in the years 2006 to 2007.

Throughout the world there have been different forms and shapes of property bubbles and Northern Ireland has had its own bubble in terms of undeveloped land. This bubble is well and truly burst and I imagine this will be reflected in the values of the loans to be acquired by NAMA. For those who purchased during this market madness I can only say that, to my mind, there is no likelihood of a market recovery to the earlier peaks, in the foreseeable future. Just as with tulip bulbs centuries ago and internet shares not so long ago, it seems that there was a belief that one could buy, sell on shortly afterwards (flip) and make a quick turn. I believe we are all aware now that such action is unsustainable.

Not only is there a problem on the demand side of the market but we now have a huge concentration on the supply side of the market both with NAMA's acquired debts and I believe with other banks operating in this economy.

We have met with representatives of the Northern Ireland Housing Executive, whose Chairman is a member of our Committee and with the International Centre for Local and Regional Development in Armagh and with its partners the University of Ulster and NUI, Maynooth. We understand that there are advanced discussions in place between these organisations in relation to a collaboration on projects to map housing need and the availability of land to support this. This would help our task.

The recently published Report of the Independent Commission on the Future for Housing in Northern Ireland states that "Housing got us into this mess; housing can help pull us out" and recommends that "the concept of partnerships between the different sectors should now be taken to a new level". We are interested to hear if there is some role for NAMA in such a partnership process.

It is likely that the acquisition price paid by NAMA will be much lower than the £2 billion nominal value. But on the supply side there are also other banks which have significant positions in undeveloped land. We do not have to sell today, this month, or this year but we do have to operate to a ten-year time scale and even over such a period time it is likely that we will see what was previously viewed as potential development land being sold to go back to farm land. For those builders, developers and also land traders and speculators who got caught up in the frenzy there is going to be financial pain.

On the question of property and land in course of development where we have an estimate of £350 million we really do not yet have any sense of the make up of this figure but it is clear that the problem of uncompleted housing estates is tiny by comparison with that in the South.

The number of vacant properties has indeed risen from 4.9% of housing stock in 2001 to 44,000 or 5.9% in 2009 but I note that for 2006 when the level was at 5.7% the Housing Executive estimated that only about 4-5,000 units were excess or available to be brought back into stock. Whilst house building did indeed boom



for some years it was far short of the levels experienced in the South and it has now contracted sharply. In this part of the island there does not appear to be a huge supply overhang of residential properties.

NAMA will have funds available to complete developments where this will enhance its security in and thus such investment makes financial sense. This policy objective is without geographical bias and therefore will be on a case by case basis.

The nominal value of loans secured on investment properties is estimated at £1 billion. The security will comprise of office buildings, shopping centres and a very small residential element. Again CBRE have provided some estimates on both the value of transactions in the normal market and in the years of the spike.

They have estimated that in the normal years at the beginning of this century, annual turnover in the investment market in Northern Ireland was at about £200 million. This increased to nearly £1 billion during 2006/7 and has now fallen back to an expected £150 million for 2010. Therefore, it is clear that the NAMA-secured supply side of the market is significant in terms of normal turnover levels and there will be challenges in realising these assets. Consequently, NAMA will be prepared to consider structured financing proposals that could involve joint ventures, mezzanine debt, shared security, phased transfers of ownership, etc. We expect that the investment community and their financial advisors will, in due course, develop such proposals.

In summary, NAMA was created to provide stability to the financial institutions of the state. This extended to the operations of three of these institutions in Northern Ireland. As the UK government did with its bank insurance scheme, the Irish government has, through NAMA and other initiatives averted a meltdown in the banking system.

A speculative bubble was created in the Northern Irish market for development land. This was financed by extravagant lending by the NAMA participating banks and also by other banks in Northern Ireland. The transfer of these loans to NAMA will mean that the resolution of this bursting bubble can be effected over a longer timescale. In this respect, there is a convergence of interests between NAMA and the Northern Ireland economy. Our optimum

realisation will be aided by listening to the advice that we, on the Northern Ireland Advisory Committee, receive from the various stakeholders in the Northern Irish economy.

On the investment front, NAMA will consider creative solutions that will facilitate an effective realisation of its assets. NAMA will be able to make available some limited funding where it makes financial sense to complete those developments that are currently only partially completed. NAMA will aim to provide a level of stability where it has a dominant position on the supply side of the market. It will then be for the business leaders and entrepreneurs within the community to lead the economic recovery.

What we must do, and which is in our interest as well as that of the Northern Irish economy, is to carefully manage the impact of the ending of the false boom in property values. The Northern Ireland Advisory Committee of NAMA is and will continue to be fully alive to Northern Irish economic issues and will advise the NAMA Board accordingly.

Thank you for your attention.

## **Appendix 8**

- Opening Statement by Mr Frank Daly, Chairman of the NAMA Northern Ireland Advisory Committee, to the Joint Committee on the Implementation of the Good Friday Agreement, 8 March 2012.

**Opening Statement by**  
**Mr. Frank Daly, Chairman of NAMA to the**  
**Joint Committee on the Implementation of the Good Friday Agreement**  
**8<sup>th</sup> March 2012**

**Introduction**

On behalf of the National Asset Management Agency (NAMA), I would like to thank the Joint Committee for the invitation to attend and give evidence before you today. We very much welcome the opportunity to engage with you on our work. The Good Friday Agreement, which is now fourteen years old, has helped forge a new future for Northern Ireland and for relations on the entire Island of Ireland and I would like to acknowledge the important work of this Committee in looking to harness the opportunities created by the Agreement, both North and South.

I am joined today by Ronnie Hanna, our Head of Asset Recovery, and Jonathan Milligan, Senior Divisional Manager at the Agency, both of whom have considerable financial experience and both of whom are very familiar with Northern Ireland. Ronnie is a Member of NAMA's Northern Ireland Advisory Committee and Jonathan also works with that Committee.

For the purposes of my address, I will focus primarily on NAMA's work in Northern Ireland and contribution to the economy there, but I will also touch briefly on our wider operations.

We see today as an important opportunity to hear your views first hand, and to update you on the progress that the Agency is making. NAMA is extremely conscious of the value of engaging proactively with our stakeholder audiences.

**Stakeholder engagement**

In Northern Ireland, we believe that we have established a good working relationship with the Northern Ireland Executive and Assembly. Meetings take place at regular intervals to allow for an open exchange of views. We have met with various Ministers, namely the Minister of Finance and Personnel and with the First and Deputy First Ministers. I note that

in a speech to the Leinster Society of Chartered Accountants on 2 November the First Minister, Peter Robinson characterised the NAMA relationship as positive to date and this has been underpinned by similar comments from Minister Wilson.

We also have established very constructive communications with Northern Ireland Chamber of Commerce and with the Northern Ireland Assembly and Business Trust. We are also increasingly engaging with councils in Northern Ireland. Our approach in Northern Ireland is also informed by the expertise of local professional advisers.

One extremely valuable structure within NAMA is the Northern Ireland Advisory Committee. This Committee's contribution to our understanding of the issues and market is very important and I would like today to point especially to the contribution of the two external members of that Committee, Frank Cushnahan and Brian Rowntree, two highly respected business leaders in Northern Ireland, who are very generous with their time and advice.

As part of its objective of Working for Solutions in Northern Ireland, NAMA's Northern Ireland Advisory Committee is leveraging local input and experience through its members and in partnership with Public Sector bodies and by encouraging research Initiatives which will inform future solutions. A good example is the work with the University of Ulster on very innovative research initiatives to enable us to better understand the dynamics of Northern Ireland housing, such as housing affordability and the demand and supply of land throughout Northern Ireland. We are providing ongoing support for the University of Ulster Land Development Model and are facilitating exchanges between the Department of the Environment, Community and Local Government in the Republic and the University in terms of all all-Island Land Development Model.

### **Progress - commentary**

Before dealing specifically with Northern Ireland, I will make the following brief comments to help contextualise the size, challenge and importance of the Agency's work, and the significant number of milestones that have already been achieved since its establishment.