



Office of the Comptroller and Auditor General
Oifig an Ard-Reachtaire Cuntas agus Ciste

Press Release

National Asset Management Agency – Second Progress Report

24 July 2018

A report of the Comptroller and Auditor General titled *National Asset Management Agency – Second Progress Report* has been presented to the Houses of the Oireachtas today. The report was prepared under Section 226 of the National Asset Management Agency Act and presents the progress that NAMA has made towards achieving its overall objectives, as at end 2016.

Loan acquisition

NAMA's primary purpose is to hold and manage property-related loans acquired from banks and related collateral and ultimately to dispose of all these assets in a manner that protects the State's interests. NAMA's stock of loans reduced from €29.4 billion at the end of 2010 to €5.5 billion at the end of 2016, a reduction of just over 80%.

Redeeming senior debt

One of the key commercial objectives set by the NAMA Board is, at a minimum to redeem senior debt and to meet all costs incurred by NAMA over its life. In 2014, NAMA set a debt redemption target of 80% by the end of 2016. NAMA exceeded its target, having redeemed 91% of its senior debt by the end of 2016. The redemption of the rest of the senior debt was completed in October 2017, significantly ahead of the original target.

NAMA projected surplus

NAMA reported a cumulative gain of just over €3 billion to the end of 2016. Subsequently, the NAMA Board announced that it expects to return a surplus of €3 billion to €3.5 billion to the exchequer upon completion of the Agency's work, assuming market conditions remain favourable.

Realised value of assets

A second key commercial objective set by the NAMA Board is to optimise the realised value of assets. By the end of 2016, NAMA had generated sales proceeds of €32.2 billion — €21.8 billion through the sale of underlying collateral and €10.4 billion through loan sales. Up to the end of 2016, NAMA reported a cumulative net profit on disposal of debtor loans and surplus income of €4.2 billion.

The examination reviewed the disposal process for a sample of 80 property disposals and eleven loan sales. Overall, the examination found evidence that almost all of the property sales were disposed of through an open competitive process, or with regard to market prices. In the case of

three of the loan sales, NAMA departed from its standard procedures (chapter six of the report provides further detail).

Rate of return

The NAMA act requires NAMA to obtain the best achievable financial return for the State. In 2014, NAMA set an **entity return on investment** (EROI) target of 20% to be achieved over its projected lifetime. NAMA's projected EROI as at the end of 2016 was 33%. However, this measure does not take account of the time value of money.

Internal rate of return is a standard performance metric for property-related investments but is not one that NAMA uses. As part of the review, the examination team calculated the internal rate of return based on NAMA's actual and projected cash flows. These indicate that NAMA's internal rate of return will be around 6.2%.

Other objectives

NAMA adopted a secondary objective to make a positive social and economic contribution across the broad range of activities. The Board expressed this in strategies, viz

- facilitation of the delivery of residential units, and
- facilitation of the delivery of grade A office accommodation in the Dublin Docklands Strategic Development Zone (SDZ).

At the end of 2016, NAMA had delivered 4,647 residential units and was forecasting a further 17,500 up to 2020.

Notes for Editors

The full text of the report is available here ([link](#)).

The Comptroller and Auditor General is an independent constitutional officer with responsibility for the audit of public funds. He reports to Dáil Éireann.

Enquiries about the report should be directed to Patricia Devlin at (01) 863 8665 or at Patricia_Devlin@audgen.irlgov.ie