

Annex H - NAMA Indicative Term sheet – Proposed Asset Management Company

Proposed Asset Management Company – subject to European Commission State aid approval.

Agency Structure	The Agency will be a commercial Semi State entity under the governance, direction and management of the NTMA and be designated as, the National Asset Management Agency (NAMA).
Institutions Covered	Those who are regarded by the Government as appropriate for inclusion having regard to the structure of their loan book, their access to support, their ownership structure and their relative importance to the national economy.
Assets Covered	All loans in respect of the purchase of land for development and associated work in progress arrangements. In addition, certain property investment loans, especially where associated with the largest borrowers. Exact assets to be considered further.
Size of NAMA	Potentially €80bn to €90bn in assets (based on current book value, but to be transferred at an appropriate discount).
Pricing	Portfolio pricing depending on the category of underlying security. Appropriate percentage discounts would be paid for Land & Development Loans and for property investment loans depending on the assessment of risks involved. The objective should be to break the link between banks and the property assets, at least at the outset.
Timeframe	Budget day announcement with legislation enacted soon thereafter. Preparation of legislation and preparation of the management structures would be initiated in parallel.
Legislation	The NAMA initiative would require new legislation (the “NAMA Act”) which would create NAMA under the umbrella of the NTMA.
Participation	Optional participation proposed, but banks would have to agree that all loans in particular portfolios have to be sold to NAMA. The legislation should also provide for a mandatory power to acquire assets so as to ensure cooperation on the part of institutions, or to overcome legal difficulties with the assignment of assets.
Payment	Property loans sold to NAMA will be paid either in Government Bonds or in Government guaranteed bonds issued by NAMA.
NAMA Windup	The government will on the winding up of NAMA determine if it has made a profit or a loss in its lifetime. Any profits will accrue to the State. If there is a shortfall, the Government intends that a levy will be applied to recoup it.

Special Purpose
Vehicles (SPV's)

In order to achieve the optimal return some property loans sold to NAMA will be capable of being transferred into NAMA SPV's which will be capable of being worked out and disposed of in an orderly manner with private equity partners.

NAMA

The Government will capitalise NAMA with sufficient equity so as to undertake its business in an optimal manner.

State Aid

This document summarises the main elements of the NAMA initiative currently under consideration. The finalising of the design of the NAMA initiative will take full account of the Commission's Communication on the treatment of impaired assets, in particular with regard to transparency and disclosure of impairments, burden sharing, the valuation of assets and remuneration.