

# PRESS RELEASE



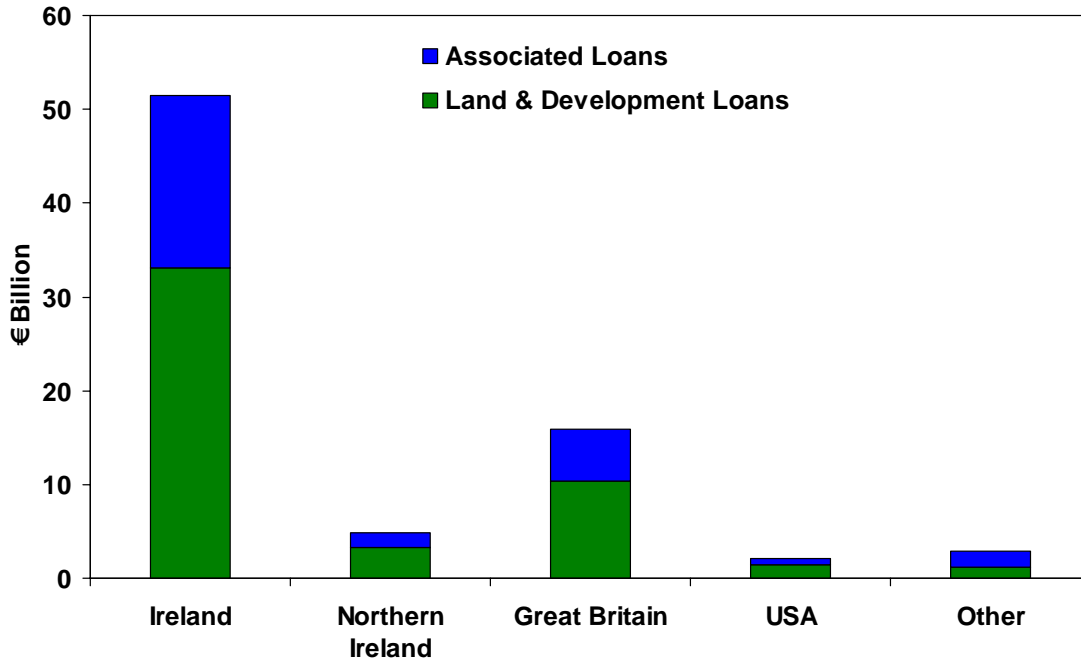
## NATIONAL ASSET MANAGEMENT AGENCY (NAMA) EXPLAINED

London, April 2010

### For immediate release

NAMA is the National Asset Management Agency which is being set up by the Irish Government to manage the bad debts of Irish banks. It is envisaged that the process will work as follows:

- NAMA will buy loans from the Irish banks participating in the scheme.
- It will pay for these loans with Government bonds, not cash.
- The banks will hold these bonds for a fixed period of time.
- During that time, the Government will pay interest on the bonds to the ECB, and at the end of the life of the bonds, the Government will pay back the capital amount of the bonds to the ECB.
- The amount of Government bonds issued will be decided by a panel of international experts who have previous experience in dealing with the bad debts of banks.
- Many performing loans for properties which are performing well and servicing debt will also transfer over to NAMA, purely because of their association with development land loans.



Source: Department of Finance

The banks will take these bonds and place them with the European Central Bank. In return, the ECB will give the Irish banks cash. This cash will be used to recapitalise the banks so that they can start lending to business and consumers again and hopefully kick-start the Irish economy. In the meantime, NAMA will start to manage the loans it has bought from the banks. This will involve pursuing the people who took out the loans to ensure that they are repaid. In some cases, this will involve repossessing the assets against which the loans are secured, and hold or selling these properties in order to realise its value. This process will occur over a 10-15 year period. Any value realised will be used to pay interest on the bonds, and invested, so that NAMA has sufficient funds to pay back the capital amounts of the bonds.

At the end of NAMA's existence, if it transpires that NAMA hasn't realised enough value from the loans to fully pay back the banks, a levy on bank profits will be introduced to make up the difference.

The loans of the Top 10 borrowers are due to move over to NAMA before the end of March 2010 at which point the public will be informed by the Minister for Finance on the average discounts being applied to each of the loans.

It is estimated that NAMA will take on the loans of over 200 hotels internationally and in Ireland alone will make it the banker to more than 20% of all hotels. The properties will range from small rural hotels to large five-star properties, including the well-known Shelbourne Hotel in Dublin. Because of the number of hotels transferring over into NAMA, it is expected that a separate division will be set up within the state agency to deal with hotels specifically. However, NAMA will not have any formal role in the running of these hotels, unless the owner of the property falls into arrears, in which case the agency may have to decide whether to keep the hotel open or close it down. NAMA have in recent weeks commissioned an assessment of the Irish hotel market in an effort to decide how to best manage the hotel and leisure-related loans that are transferred over to the agency. This review is expected to highlight areas where there is a significant oversupply of hotels and will make recommendations about which hotels should be supported in the short term. It is believed that the Irish banks have already taken ownership of about 100 hotels in Ireland and overseas.

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**Notes to Editors:**

CBRE Hotels is the world's leading, full-service, real estate advisory group focused exclusively on the hospitality industry. CBRE Hotels provides consultancy services for the sale, valuation, financing, development and asset management of hotels. Headquartered in London, the group has offices in Ireland, France, Spain, Italy and CEE (Central and Eastern Europe) with dedicated hotel teams in the United States and the Asia-Pacific region.

During 2009, the combined value of assets successfully sold and valued by CBRE Hotels EMEA was in excess of €19billion. During 2009, CBRE Hotels successfully sold and valued over 500 assets across the EMEA region.

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