



**Northern Ireland
Assembly**

COMMITTEE FOR FINANCE AND PERSONNEL

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20 August 2015

Mr Frank Daly
Chairperson
National Asset Management Agency
Treasury Building
Grand Canal Street
Dublin 2

Dear Mr Daly,

**Review of the Sale of the National Asset Management Agency (NAMA)
property loan portfolio in Northern Ireland**

At its meeting on 5 August 2015, the Committee for Finance and Personnel ('the Committee') noted the recent email communication from NAMA which reiterated the NAMA's decision to decline the Committee's invitation to give oral evidence to the aforementioned review, on the basis that 'NAMA is accountable to the Oireachtas and to committees established by the Oireachtas' and that 'this is the appropriate forum to which NAMA should account for its activities'. Instead, the Agency indicated a willingness to provide written responses to questions from the Committee 'subject to NAMA having knowledge of the matters concerned and subject to any legal constraints which may apply'.

Since our previous communication, the Committee has agreed the attached Terms of Reference for the review (**Appendix 1**), which is focused on establishing the factual position regarding the relationship between the Department of Finance and Personnel (DFP) and NAMA and related issues. The knowledge and information which NAMA may have arising from its relationship with DFP may therefore be valuable in assisting the Committee in undertaking its fact-finding review and in exercising its statutory functions.

The Committee's Terms of Reference are specifically framed to minimise the risk of its review inadvertently prejudicing the current investigation by the United Kingdom's National Crime Agency (NCA) and any subsequent prosecution. The Terms of Reference were informed by meeting and consultation with NCA investigators as well as legal advice. The Committee is conducting its fact-finding review and the related oral hearings within those Terms of Reference.

The Committee has agreed to also submit the attached list of questions (**Appendix 2**) for written response. I would appreciate your response to each of the questions raised by no later than noon on Monday, 7 September 2015. Should you have any questions in this regard, please contact the Committee Office on 02890 521843.

Yours sincerely,

Daithí McKay MLA
Chairperson, Committee for Finance and Personnel

Appendix 1 – Review Terms of Reference

Committee for Finance and Personnel

Terms of Reference

Review of the sale of the National Asset Management Agency property loan portfolio in Northern Ireland

Background: Following allegations, reported in the media in relation to the sale of the National Asset Management Agency (NAMA) property loan portfolio in Northern Ireland, known as 'Project Eagle', on 7 July 2015 the Committee for Finance and Personnel (the Committee) agreed to hold preliminary fact-finding hearings with a range of organisations and individuals identified from the media reports.

On 8 July the Police Service of Northern Ireland (PSNI) announced a criminal inquiry by the police, which is now being led by the National Crime Agency (NCA).

The Committee agreed to develop terms of reference for the purpose of setting out a framework for the Committee to continue with its inquiries whilst seeking to minimise the risk of its work inadvertently prejudicing the ongoing criminal investigation by the NCA and taking into account the risk of undermining the fairness of any future court proceedings.

Purpose: To undertake a fact-finding review in relation to the operations of NAMA in Northern Ireland, including the 'Project Eagle' sale and related policy and regulatory issues that fall within the DFP remit.

Objectives: The key objectives of the review include establishing the factual position in relation to:

- the relationship between DFP and NAMA in respect of the Agency's operations and assets in Northern Ireland, including the role of DFP policies and actions in relation to NAMA's operations and assets in Northern Ireland and the response of NAMA to the actions of DFP.
- the role of DFP in the establishment of and appointments to the NAMA Northern Ireland Advisory Committee (NIAC), and the detail of the subsequent relationship and interaction between DFP and NIAC (including its members);
- matters relating to the sale of the NAMA property loan portfolio in Northern Ireland, including the basis, rationale and implications of any actions by DFP in this area and whether relevant requirements and standards have been complied with in that regard; and

- the role, functions and practices of the Law Society in regulating the profession of solicitors in light of the matters arising from aspects of Project Eagle and in the wider context of DFP's proposed legislation for the regulation of the legal profession in Northern Ireland which is currently being scrutinised by the Committee.

Output: The intention is that the review will result in an evidence base and public record of factual information arising from the Committee's fact finding in relation to its objectives. As part of the fact-finding the Committee will also seek to establish a timeline of events, meetings and correspondence. The Committee will also gather further evidence to inform its scrutiny of the proposed legislation on the regulation of the legal profession in Northern Ireland.

Constraints: Where appropriate, information will be made available to the relevant authorities by the Committee.

Work Schedule: The following preliminary work schedule is proposed at this stage. This is so the Committee can remain responsive to any developments in relation to these matters.

Thursday 23 July 2015	Consider Terms of Reference for Committee Review Consider provision of papers by DFP Initial oral hearing from senior DFP officials Identify any further witnesses to invite to Committee
w/c 27 July 2015	[To be used if witnesses unavailable on other dates]
w/c 3 August 2015	Oral hearings from NAMA (TBC) and/or the Law Society (TBC) and/or former Ministers
	Further meetings to be scheduled taking account of the availability of Members and witnesses and evidence received.

Appendix 2 - Questions for Written Response

1) NAMA's operations and assets in NI

- a. Please explain the nature of the role of NAMA in relation to Northern Ireland (NI)?
- b. Please explain NAMA's operations in relation to NI, from the start to date.
- c. Please explain the nature of the relationship between NAMA and DFP in relation to NAMA's operations in NI.
- d. Please explain the mechanisms of communication between NAMA and DFP, including who would communicate, how, why and when.
- e. What assets has NAMA held in NI in the past? What was the nature of those assets?
- f. What was NAMA's disposal strategy for the assets it held in NI in the past?
- g. Did NAMA provide DFP with detailed breakdowns of the assets it held in NI in the past? Please provide details of all communications and all relevant documents, analyses, or reports.
- h. Did NAMA provide DFP with detailed breakdowns of the assets it currently holds in NI, if any? Please provide details of all communications and all relevant documents, analyses, or reports.

2) NAMA NIAC

- a. Why was the NAMA Northern Ireland Advisory Committee ('NAMA NIAC') established?
- b. What were the roles and responsibilities of the NAMA NIAC?
- c. Did DFP play any role in establishing the NAMA NIAC?
- d. What was the nature of any such role?
- e. What actions, of any, did DFP take in relation to the establishment of the NAMA NIAC?
- f. Please provide details of any and all communications between NAMA and DFP relating to the establishment of the NAMA NIAC.

- g. Please provide details of any and all meetings between NAMA and DFP in relation to the establishment of NAMA NIAC to include details of attendees, invitees, communications, agendas and minutes.
- h. Please explain the process of appointments to the NAMA NIAC.
- i. Did DFP play a role in suggesting potential appointees to NAMA for the NAMA NIAC?
- j. If so, why did DFP play a role; and what action did it take in this regard? Please provide details of any and all communications between NAMA and DFP relating to NAMA NIAC appointments.
- k. Please provide details of any and all meetings between NAMA and DFP in relation to NAMA NIAC appointments to include details of attendees, invitees, communications, agendas and minutes.
- l. Please explain the nature of the relationship between the NAMA NIAC and DFP.
- m. Please explain the mechanisms of communication between NAMA NIAC and the DFP, including who would communicate, how, why and when.
- n. Were there any communications or meetings between NAMA (including NAMA NIAC) and DFP about resignations and or resignees from the NAMA NIAC?
- o. If so, please provide details of any and all communications between NAMA and/or NAMA NIAC and DFP relating to NAMA NIAC resignations.
- p. Please provide details of any and all meetings between NAMA (including NAMA NIAC) and DFP in relation to NAMA NIAC resignations to include details of attendees, invitees, communications, agendas and minutes.

3) Communications and meetings generally

- a. Did NAMA (including NAMA NIAC) communicate and/or hold meetings with DFP about the NI property loan portfolio?
- b. In relation to any and all such communications, please provide full details including copies, notes and minutes.
- c. In relation to each of any such meetings, please provide details of attendees, invitees, communications, agendas and minutes.
- d. Did NAMA (including NAMA NIAC) communicate and or hold meetings with DFP about any other NAMA assets that NAMA held or holds in NI, if any?

- e. In relation to any and all such communications, please provide full details including copies, notes and minutes.
- f. In relation to each of any such meetings, please provide details of attendees, invitees, communications, agendas and minutes.
- g. Please provide details of any communications by NAMA (including NAMA NIAC) with any party in relation to the NI property loan portfolio of which DFP was on notice.
- h. In relation to any and all such communications, please provide full details including copies, notes and minutes.
- i. Please provide details of any meetings between NAMA (including NAMA NIAC) and any party in relation to the NI property loan portfolio of which DFP was given notice.
- j. In relation to any such meetings attended by DFP, please provide details of attendees, invitees, communications, agendas and minutes.

4. Discounted sale price of the NI property loan portfolio

- a. Did NAMA (including NAMA NIAC) and DFP communicate about the strategic decision to sell the NI property loan portfolio in one tranche in 2014?
- b. If yes, what was communicated, when and by whom?
- c. And what action, if any, was taken, when and by whom?
- d. Did NAMA (including NAMA NIAC) and DFP communicate about how it could be ensured that NI interests were protected?
- e. If yes, what was communicated, when and by whom?
- f. And what action was taken, if any, and when and by whom?
- g. Did NAMA (including NAMA NIAC) work with DFP to secure a sale that would maximise potential market value? If yes, how?
- h. Did NAMA (including NAMA NIAC) and DFP communicate about the data quality and the methodology used by NAMA to estimate the par value of the assets?
 - (i) If yes, what was communicated, when and by whom?
 - (ii) If yes, action was taken, if any, and when and by whom?

- i. Did NAMA (including NAMA NIAC) and DFP communicate about bidders' offers before the sale was agreed?
 - (i) If yes, what was communicated, when and by whom?
 - (ii) If yes, what action was taken, if any; when and by whom?

5) Open and competitive sales process

- a. Did NAMA conduct an open and competitive sales process in relation to the sale of the Northern Ireland property loan portfolio?
- b. If so, please detail how NAMA ensured that the sales process was open and competitive.
- c. Did NAMA (including NAMA NIAC) and DFP communicate about any potential conflicts of interest (perceived or actual) relating to the sales process?
 - (i) If yes, what was communicated, when and by whom?
 - (ii) If yes, what action, if any, was taken, when and by whom?
- d. Did NAMA (including NAMA NIAC) and DFP communicate about complaints (past or current), if any, about the sales process relating to the NI property loan portfolio?
 - (i) If yes, what was communicated, when and by whom?
 - (ii) If yes, what action was taken, if any; when and by whom?

6) Fee arrangements

- e. Did NAMA (including NAMA NIAC) and DFP communicate about arrangements, agreements, negotiations or expectations relating to the payment of fees (potential or actual) relating to the sale of the NI property loan portfolio?
 - (i) If yes, what was communicated, when and by whom?
 - (ii) And what was any action taken, if any; when and by whom?