National Asset JVA Designated Activity Company

Directors' Report and Financial Statements for the financial year ended 31 December 2020

National Asset JVA D.A.C.
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National Asset JVA D.A.C.
Directors and other information

Directors

Brendan McDonagh
Alan Stewart
Aidan Williams

Secretaries and Registered Office

Deirdre McCabe (resigned 30 March 2021)
Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021)
Gillian Joyce (Assistant Secretary, resigned 18 June 2020)
Majella Galligan (Assistant Secretary, appointed 30 March 2021)

Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

Principal Bankers

Allied Irish Banks, p.l.c.
Baggot Street Lower
Dublin 2
D02 X342

Central Bank of Ireland
North Wall Quay
Dublin 1
D01 F7X3

Registered Number

529807

Auditors

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

Mazars
Chartered Accountants and Statutory Audit Firm
Harcourt Centre Block 3
Harcourt Road
Dublin 2
D02 A339

The Directors of National Asset JV A D.A.C. (the 'Company') present their report and the audited financial statements for the financial year ended 31 December 2020.

The financial statements are set out on pages 14 to 37.

Principal activity of the Company

The principal activity of the Company is to hold investments in equity instruments. The Company is a National Asset Management Agency (NAMA) Group company.

Directors' Responsibility Statement

The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the NAMA Act 2009 (the 'Act'), and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Irish company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting records

The measures that the Directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the use of the services of appropriately qualified accounting personnel and the maintenance of appropriate accounting systems. The Company's accounting records are maintained at the Company's registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

Business review, results and dividends

The Company was established on 4 July 2013 to acquire and hold a twenty percent interest in a limited liability partnership as part of a third party loan sale transaction by National Asset Loan Management D.A.C. ('NALM') (a NAMA Group company).

Since inception, the Company has acquired a number of additional equity interests in various funds. It has been determined that the Company does not exert control or significant influence over these investments. All equity investments are measured at fair value through profit or loss ('FVTPL'). The fair value of these equity instruments is measured based on valuation techniques which consider the value of the Company's claim to the underlying assets of the entity.

Fair value losses of €9.0m (2019: €2.0m gains) on investments in equity instruments have been recognised in the statement of comprehensive income during the financial year.

No dividends (2019: €0.9m) were received on equity instruments in the financial year.

A deferred tax asset of €0.04m (2019: €2.2m deferred tax liability) has been recognised, being the difference between the tax base of investments in equity instruments and the fair value of those investments at the reporting date. In accordance with accounting standards, deferred tax on the fair value movement on investments in equity instruments is recognised where the related fair value movement is accounted for, i.e. in the statement of comprehensive income.

The Company's investments were initially funded by an intergroup profit participating loan facility from the Company's parent, National Asset Management Group Services D.A.C. ('NAMGS'). In 2017, NALM provided an arm's length interest bearing unsecured term loan to the Company, which was fully used to repay a portion of its existing PPL with NAMGS.

No dividends are proposed or were paid during the year (2019: €Nil). The Company had no employees during the financial year (2019: none).

Impact of Covid-19

The Covid-19 pandemic and associated restrictions have had a material effect on economic activity world-wide. From the Company's perspective, the restrictions have impacted the Company's underlying equity investment through reductions in market activity, asset valuations as well as progress in relation to the delivery of the underlying property assets. Site closures, impacts to supply chains and physical distancing measures have resulted in unavoidable delays to construction projects across both the residential and commercial sectors. There remains significant uncertainty as to the full economic impact of the pandemic and the Company continues to make every effort to mitigate the financial and other impacts using measures under its control. The Company's approach to the valuation of its equity investments in the context of Covid-19 has been comprehensive and conservative with prudent assumptions applied to key inputs.

Future development

The Company will continue in its current business for the foreseeable future.

Going concern assessment

The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. Further details on the going concern assessment is in Note 2.1.

Events after the reporting date

Covid-19 Restrictions

On 6 January 2021, the Irish Government announced a further set of restrictions in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of private housing that was to be completed by 31 January 2021 and social housing to be completed by 28 February 2021. While all construction work has been permitted to recommence from 4 May 2021, there continues to be some uncertainty as to the extent that the impact of the Covid-19 pandemic will

have on the markets that the Company's underlying investments operate in. The Company continues to take steps to limit the negative operational and financial impacts of the pandemic.

Risk management

The Company is exposed to principal risks which have the potential to have a significant impact on the achievement of the Company's overall strategic objectives:

- Domestic or international macroeconomic or financial shock;
- Material loss of human capital; and
- Reputational damage.

The principal risks remain under constant review by NAMA's Risk Management Committee and any changes (including the impact of Covid-19) are reported to the NAMA Board. In April 2020, the Board approved a Risk Appetite Statement for each of the Principal Risks which defines the propensity for the NAMA Group to take certain risks in order to achieve its strategic objectives. The Board reviewed and approved the Principal Risks in October 2020 which included subrisks around the pandemic.

The Company is exposed to financial risks such as market risk (price risk), credit risk and liquidity risk in the normal course of business. Further details on how the Company manages these risks are given in Note 16 of the financial statements.

Directors and Secretaries

The Directors, who served throughout the financial year, are Brendan McDonagh, Alan Stewart and Aidan Williams.

The Secretaries, who served during the financial year, are Deirdre McCabe (Secretary, resigned 30 March 2021), Gillian Joyce (Assistant Secretary, resigned 18 June 2020) and Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021).

Directors' and Secretaries' interests in shares

The Directors and Secretaries in office at 31 December 2020 had no beneficial interests (2019: none) in the share capital of the Company or any other National Asset Management Agency Investment D.A.C. (NAMAI) Group Company. In addition the Directors have complied with Section 30 of the Act, in relation to the disclosure of beneficial interests in the Company.

Disclosure of Information to Auditors

In so far as each of the Directors in office at the date of approval of the financial statements is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Auditors

The Comptroller and Auditor General is the Company's auditor by virtue of Section 57 of the Act.

Pursuant to the requirements of the Companies Act 2014, NAMA is required to separately appoint a statutory auditor in respect of companies within the NAMA Group which are deemed to be trading for gain. As the NAMAI Group operates to return dividends to its shareholder it is deemed to be trading for gain. As such, Mazars, Chartered Accountants and Statutory Audit Firm, were appointed as statutory auditors of the Company on 1 June 2017 in accordance with section 382(1) of the Companies Act 2014. Mazars have indicated willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Asset JV A Designated Activity Company

Opinion on the financial statements

I have audited the financial statements of National Asset JV A Designated Activity Company (the company) for the year ended 31 December 2020 as required under the provisions of section 57 of the National Asset Management Agency Act 2009. The financial statements comprise

- the statement of comprehensive income
- the statement of financial position
- the statement of changes in equity
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion,

- the financial statements give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2020 and of its loss for 2020, and
- the financial statements have been properly prepared in accordance with the financial reporting framework set out in note 2.2 of the notes to the financial statements.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis, as explained in note 2.1.

As described in the appendix to this report, I conclude on

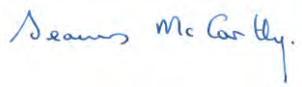
- the appropriateness of the use by the directors of the going concern basis of accounting and
- whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

I have nothing to report in that regard.

Report on information other than the financial statements, and on other matters

The directors have presented a report with the financial statements. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



Seamus McCarthy
Comptroller and Auditor General

25 June 2021

Appendix to the report

Responsibilities of the directors

As detailed in the directors' report, the directors are responsible for

- the preparation of the financial statements under the National Asset Management Agency Act 2009 and in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with the financial reporting framework set out in note 2.2 of the financial statements
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 57 of the National Asset Management Agency Act 2009 to audit the financial statements of the company and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

mazars

Independent auditor's report to the

Members of National Asset JVA DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Asset JVA DAC ('the Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the Company financial statements, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the European Union ("EU").

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Emphasis of matter

We draw attention to note 2.1 of the financial statements, which describes the Company's ability to continue as a going concern. The directors have set out in this note the basis upon which they believe it is appropriate to prepare the financial statements on a going concern basis.

Our opinion is not modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibility statement out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

mazars

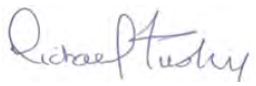
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Tuohy

for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre,
Block 3
Harcourt Road
Dublin 2
Date: 25 June 2021

National Asset JVA D.A.C.
Statement of comprehensive income
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Net gains on loans measured at FVTPL	4	2,429	2,548
Interest and similar expense	5	(2,294)	(14,058)
Other (expenses) / income	6	(8,982)	2,434
Net profit on refinancing of loans	7	-	234
Total operating loss		**(8,847)**	**(8,842)**
Administration expenses	8	(35)	(233)
Operating loss before income tax		**(8,882)**	**(9,075)**
Tax credit	9	2,246	2,433
Loss after income tax		**(6,636)**	**(6,642)**
Total comprehensive expense for the financial year		**(6,636)**	**(6,642)**

The accompanying notes form an integral part of these financial statements.

All results are from continued operations.

National Asset JVA D.A.C.
Statement of financial position
As at 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Assets			
Cash and cash equivalents	10	268	1,281
Loans measured at FVTPL	11	19,840	21,445
Investment in equity instruments	12	8,815	13,521
Deferred tax	13	39	-
Total assets		**28,962**	**36,247**
Liabilities			
Intergroup payables	14	29,691	28,131
Accrued expenses	15	-	2
Deferred tax	13	-	2,207
Total liabilities		**29,691**	**30,340**
Equity and reserves			
Called up share capital	19	-	-
Retained (losses) / earnings	20	(729)	5,907
Total equity and reserves		**(729)**	**5,907**
Total equity, reserves and liabilities		**28,962**	**36,247**

The accompanying notes form an integral part of these financial statements.

On behalf of the Directors
21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

National Asset JVA D.A.C.
Statement of changes in equity
For the financial year ended 31 December 2020

	Note	Share capital €'000	Retained earnings / (losses) €'000	Total equity €'000
Balance as at 1 January 2020		**-**	**5,907**	**5,907**
Loss for the financial year	20	-	(6,636)	(6,636)
Total comprehensive expense		**-**	**(6,636)**	**(6,636)**
Balance at 31 December 2020		**-**	**(729)**	**(729)**

	Note	Share capital €'000	Retained earnings €'000	Total equity €'000
Balance as at 1 January 2019		**-**	**12,549**	**12,549**
Loss for the financial year	20	-	(6,642)	**(6,642)**
Total comprehensive income		**-**	**(6,642)**	**(6,642)**
Balance at 31 December 2019		**-**	**5,907**	**5,907**

The accompanying notes form an integral part of these financial statements.

National Asset JVA D.A.C.
Statement of cash flows
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Cash flow from operating activities			
Disposal of equity instruments		2,496	45,370
Loans advanced		(1,403)	(3,533)
Receipts from borrowers		-	4,085
Interest paid on cash and cash equivalents		(4)	(49)
Net reimbursement to NALM		-	(224)
Distributions received from equity investments	6	-	907
Net cash provided by operating activities		**1,089**	**46,556**
Cash flow from financing activities			
Repayment of intergroup loan		(2,102)	(45,625)
Net cash used in by financing activities		**(2,102)**	**(45,625)**
Cash and cash equivalents held at the beginning of the financial year		1,281	350
Net cash provided by operating activities		1,089	46,556
Net cash used in financing activities		(2,102)	(45,625)
Total cash and cash equivalents held at the end of the financial year	10	**268**	**1,281**

The accompanying notes form an integral part of these financial statements.

1. General Information

The proposed creation of the National Asset Management Agency (NAMA) was announced in the Minister for Finance's Supplementary Budget on 7 April 2009 and the NAMA Act 2009 (the 'Act') was passed in November 2009.

The Act established NAMA as a separate statutory body, with its own Board and Chief Executive Officer ("CEO") appointed by the Minister for Finance in December 2009. The NAMA Board and all committees established by the NAMA Board are also responsible for the oversight and governance of all NAMA Group entities. National Asset JV A D.A.C. (the 'Company') is a 100% subsidiary of NAMA.

The Company was incorporated on 4 July 2013 and established as a Special Purpose Vehicle (SPV) with the purpose of acquiring and holding a twenty percent interest in a limited liability partnership as part of a third party loan sale transaction by NALM. The investment was funded by an intergroup profit participating loan facility from National Asset Management Group Services D.A.C. (NAMGS). The Company continues to be entitled to receive distributions in line with the Agreement.

Since inception, the Company has acquired a number of additional equity interests in various funds.

The Company's immediate parent is NAMGS, a company incorporated in Ireland. The Company is ultimately controlled by NAMA. Until 26 May 2020 NAMA owned 49% of the Company's ultimate parent, National Asset Management Agency Investment D.A.C. ('NAMAI'). The remaining 51% of the shares of NAMAI were held by private investors. Under the terms of a shareholders' agreement between NAMA and the private investors, NAMA could exercise a veto over decisions taken by NAMAI. As a result of this veto, the private investors' ability to control the financial and operating policies of NAMAI was restricted and NAMA had effective control of NAMAI and its subsidiaries. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI. The smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared is NAMA.

The address of the registered office of the Company is Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8. The Company is incorporated and domiciled in the Republic of Ireland.

2. Significant accounting policies

2.1 Going concern

The financial statements for the financial year ended 31 December 2020 have been prepared on a going concern basis. The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. The period of assessment used by the directors is twelve months from the reporting date of these annual financial statements.

The Company's total liabilities exceed its total assets by €0.7m at 31 December 2020.

The Company has entered into an intergroup loan agreement as borrower with NALM. The balance outstanding on the intergroup loan at the reporting date is €6.5m. This intergroup loan is not repayable on demand.

The Company has also entered into a profit participating loan as borrower with NAMGS. The balance outstanding on the profit participating loan at the reporting date is €22.6m. Under the terms of the agreement, the profit participating loan is payable on demand. The Company has obtained a confirmation from the Directors of NAMGS that they do not intend to demand repayment of the outstanding balance due under the profit participating loan agreement, at any time up to and including 12 months from the date the financial statements are signed.

The Board of NAMA have confirmed that NAMA will provide the Company with full financial support for 12 months from the date the financial statements are signed, in order to enable the Company to meet

its liabilities as they fall due and continue in operational existence for the foreseeable future. The Board of NAMA have confirmed that NAMA has access to adequate cash balances to support the Company.

On this basis, the Directors are satisfied that the Company will have access to adequate resources to continue its operations for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis.

2.2 Basis of compliance and measurement

The Company's financial statements for the financial year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, the NAMA Act 2009 and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention, except for investments in equity instruments and loans which have been measured at fair value.

The financial statements are presented in euro (€), which is the Company's functional and presentational currency. The figures shown in the financial statements are stated in € thousands (€'000s) unless otherwise stated.

The statement of cash flows shows the changes in cash and cash equivalents arising during the financial year from operating activities and financing activities.

Cash flows from operating and financing activities are reported on a gross basis. The Company's assignment of the cash flows to operating and financing categories depends on the Company's business model (management approach).

In accordance with IAS 1 *Presentation of Financial Statements*, assets and liabilities are presented in order of liquidity.

2.3 Changes in significant accounting policies

There have been no new standards, interpretations or changes in significant accounting policies that have had an effect on the Company's financial statements for the year ended 31 December 2020.

2.4 IFRS Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations have been issued but are not yet effective. The Company has not early adopted them in preparing these financial statements. Of these standards that are not yet effective, none are expected to have a significant impact on the Company's financial statements in the period of initial application.

2.5 Financial assets

Recognition and initial measurement

The Company recognises financial assets in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at fair value. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss. For assets measured other than at FVTPL, transaction costs that are directly attributable to the acquisition or issue of financial assets are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

Classification and subsequent measurement

Subsequent to initial recognition, a financial asset is classified and subsequently measured at either:

(a) Amortised cost
(b) Fair value through other comprehensive income (FVOCI) or
(c) Fair value through profit or loss (FVTPL)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Company may irrevocably designate an equity instrument as FVOCI unless it is held for trading. The election to designate an investment in an equity instrument at FVOCI is made on an instrument-by instrument basis.

Any financial asset that does not qualify for amortised cost measurement or measurement at FVOCI must be measured subsequent to initial recognition at FVTPL except if it is an investment in an equity instrument designated at FVOCI. The Company may irrevocably elect on initial recognition to designate a financial assets at FVTPL if the designation eliminates or significantly reduces an accounting mismatch that would have occurred if the financial asset had been measured at amortised cost or FVOCI.

Contractual cash flows are solely payments of principal and interest assessment

For the purpose of the solely payments of principal and interest 'SPPI' assessment, principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Business model assessment

The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Company considers the following information when making the business model assessment:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

(a) Amortised Cost

The Company has classified and measured cash and cash equivalents and other assets at amortised cost less any expected credit loss allowance.

(b) Fair value through profit or loss

The Company has classified and measured loans at FVTPL on the basis that the loans are convertible into equity. These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in the statement of comprehensive income. Fair value is determined in the manner described in Note 2.13.

Equity Instruments

An equity instrument is any contract that results in a residual interest in the assets of an entity after deducting all of its liabilities. An equity instrument has no contractual obligation to deliver cash or another financial asset.

Equity instruments are measured at FVTPL. The fair value of these equity instruments is measured based on valuation techniques which consider the value of the Company's claim to the underlying assets of the entity. Changes in fair value are recognised in the statement of comprehensive income as part of other income/(expenses). Equity instruments are separately disclosed in the statement of financial position.

2.6 Financial liabilities

The Company recognises financial liabilities in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are measured initially at fair value. The Company classifies and subsequently measures its financial liabilities at amortised cost, with any difference between the proceeds net of transaction costs and the redemption value recognised in the statement of comprehensive income using the effective interest method.

2.7 De-recognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.8 Interest expense

Interest expense for all interest-bearing financial instruments is recognised as interest expense in the statement of comprehensive income using the effective interest rate ("EIR") method.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of a financial asset or the amortised cost of the financial liability.

2.9 Profit / (loss) on the refinancing of loans

Profits and losses on the refinancing of loans are calculated as the difference between the carrying value of the loans and the contractual price at the date of refinance, less related loan costs. The contractual price includes any deferred consideration where NAMA has the contractual right to receive any deferred cash flow. Profits and losses on the refinancing of loans are recognised in the income statement when the transaction occurs.

2.10 Impairment of financial assets

The Company assesses, on a regular basis, the impairment of financial assets measured at amortised cost and at FVOCI on an expected credit loss (ECL) basis. The measurement of ECL is based on a three-stage approach:

- Stage 1: where financial instruments have not had a significant increase in credit risk since initial recognition, a provision for 12-month ECL is recognised, being the ECL that results from default events that are possible within 12 months of the reporting date;
- Stage 2: where financial instruments have had a significant increase in credit risk since initial recognition but does not have objective evidence of impairment, a lifetime ECL is recognised, being the ECL that results from all possible default events possible over the lifetime of the financial asset;
- Stage 3: where financial assets show objective evidence of impairment, a lifetime ECL is recognised.

There are a variety of approaches that could be used to assess whether the credit risk on a financial instrument has increased significantly since initial recognition. In some cases, detailed quantitative information about the probability of default of a financial instrument or formal credit rating will be available which is used to compare changes in credit risk. The Company monitors financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition on a regular basis.

The measurement of the loss allowance is based on the present value of the applicable financial assets expected cash flows using the financial asset's effective interest rate.

2.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

(a) Current income tax

Current income tax is the expected tax payable on the taxable income for the financial year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Current income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise.

The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.13 Determination of fair value

The Company measures fair values in accordance with IFRS 13 which defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most

advantageous market to which the Company has access at that date, regardless of whether that price is directly observable or estimated using another valuation technique.

Financial instruments are initially recognised at fair value and, with the exception of financial assets at fair value through profit or loss, the initial carrying amount is adjusted for direct and incremental transaction costs. In the normal course of business, the fair value on initial recognition is the transaction price (fair value of consideration given or received).

Subsequent to initial recognition, fair values are determined using valuation techniques. These valuation techniques seek to maximise the use of publically available relevant observable inputs and minimise the use of unobservable inputs. The valuation techniques used incorporate the factors that management believe market participants would take into account in pricing a transaction. Valuation techniques may include the use of recent orderly transactions between market participants, reference to other similar instruments, option pricing models, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Valuation techniques

In the case of loans measured at FVTPL, the fair value of these instruments is determined with input from management and using internally generated valuation models based on selected comparable market data points. The majority of the significant inputs into these models are not readily observable in the market and the inputs are therefore derived from market prices for similar assets or estimated based on certain assumptions. The determination of key inputs used such as the expected future cash flows on the financial asset, stratification of portfolio and the appropriate discount rates applicable require management judgement and estimation.

The valuation methodology for loans measured at FVTPL is to estimate the expected cash flows to be generated by the financial asset and then discount these values back to a present value. The assumptions involved in these valuation techniques include:

- determining suitable stratifications for the portfolio to segment assets with similar risk characteristics;
- the likelihood and expected timing of future cash flows; and
- selecting an appropriate discount rate for the financial asset or group of financial assets, based on management's assessment of the characteristics of the instrument and relevant market information.

The valuation methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The assumptions involved in these valuation techniques include:

- the likelihood and expected timing of future cash flows of the instrument. These cash flows are generally governed by the terms of the instrument, although management judgement may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. In addition, future cash flows may also be sensitive to the occurrence of future events, including changes in market rates; and
- selecting an appropriate discount rate for the instrument, based on the interest rate yield curves including the determination of an appropriate spread for the instrument over the risk-free rate. The spread is adjusted to take into account the specific credit risk profile of the exposure.

Adjustments to the calculation of the present value of future cash flows are based on factors that management believe market participants would take into account in pricing the financial instrument.

Certain other financial instruments (both assets and liabilities) may be valued on the basis of valuation techniques that feature one or more significant inputs that are not observable in the market. When applying a valuation technique with unobservable data, estimates are made to reflect uncertainties in fair values resulting from a lack of market data. For these instruments, the fair value measurement is less reliable. Valuations based on non-observable data are inherently uncertain because there is little or no current market data available from which to determine the price at which an orderly transaction between market participants would occur under current market conditions.

The calculation of fair value for any financial instrument may require adjustment of the valuation technique output to reflect the cost of credit risk, if market participants would include one, where these are not embedded in underlying valuation techniques.

2.14 Administration expenses

Administration expenses are recognised on an accruals basis.

2.15 Provisions, contingent assets and liabilities

Provisions
Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Contingent liabilities
Contingent liabilities are not recognised by the Company but are disclosed unless the probability of their occurrence is remote.

Contingent assets
Contingent assets are not recognised by the Company but are disclosed where an inflow of economic benefits is probable. If the realisation of income becomes virtually certain then the related asset is recognised. Contingent assets and liabilities are assessed continually to ensure that they are appropriately reflected in the financial statements.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As management judgement involves an estimate of the likelihood of future events, actual results could differ from those estimates, which could affect the future reported amounts of assets and liabilities.

Management believes that the underlying assumptions used are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described as follows:

3.1 Fair value assessment of loans measured at fair value through profit or loss

The fair value of loans at fair value through profit or loss ('FVTPL') is assessed at the end of each reporting period. Key inputs to the assessment of fair value include cash flow forecasts, discount rates, timing assumptions and management judgement. The projection of cash flows involves the exercise of considerable judgement and estimation by management involving assumptions in respect of factors such as local economic conditions, the performance and estimated return from the debtor. The actual cash flows, and their timing may differ from the projected cash flows for the purpose of estimating fair value.

The assumptions used for projecting both the amount and timing of future cash flows for individual debtors and appropriate discount rates for utilisation in discounted cash flow calculations are reviewed periodically by management. The Company may apply management judgement to computed fair values or the inputs to the fair value computation where it believes this more accurately reflects the fair value of the asset. There continues to be significant market uncertainty related to Covid-19 and associated economic impact. At the reporting date, the Company had considered the impact of Covid-19 and related national pandemic control measures during 2020 on inputs to the fair value calculation including the impact on discount factors and the timing and value of forecast cash flows from collateral assets.

Fair value is estimated for each loan by calculating the present value of the cash flow forecast to be generated by each loan. The cash flows represent NAJVA's best estimate of expected future cash flows for each loan.

The Company's policy on fair value measurement of financial assets is set out in accounting policy 2.13.

The significant estimates in relation to the fair value of the Company's loans relate to the timing of repayment of the loans. The carrying value of the loans measured at FVTPL as at 31 December 2020 is €19.8m (2019: €21.4m) with the change in fair value during the year being €2.4m (2019: €2.5m).

In the preparation of the financial statements, management has made judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year-end date. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

3.2 Other management judgement and estimates

The most significant balance expected to be impacted is investments in equity instruments.

In determining the appropriate accounting treatment of investments in equity instruments, in line with IAS 28 *Investments in Associates and Joint Ventures*, the existence of control or significant influence is considered on a case-by-case basis, using the following indicators:

- representation on the board of directors or equivalent governing body;
- participation in the policy-making process;
- material transactions between the two parties;
- interchange of managerial personnel;
- provision of essential technical information; and
- potential voting rights.

At the reporting date, there were no investments in equity instruments in which significant influence existed.

4. Net gains on loans measured at FVTPL

	2020 €'000	2019 €'000
Fair value movement on loans measured at FVTPL	2,429	2,548

The Company assesses the classification and measurement of each financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing that asset. Changes in fair value are recognised in the statement of comprehensive income in accordance with accounting policy 2.5. See Note 11 for further details on loans measured at FVTPL held by the Company at the reporting date.

5. Interest and similar expense

	2020 €'000	2019 €'000
Interest on cash and cash equivalents	4	29
Interest on intergroup loans	2,290	14,029
	2,294	14,058

Interest payable on the intergroup loan relates to interest charged on the profit participating loan due to NAMGS of €1,667k (2019: €12,214k). During 2020, the Company generated taxable profits, which are payable to NAMGS as an interest expense under the profit participating loan agreement in place. An

additional €623k (2019: €1,815k) of interest expense was incurred on an intergroup loan facility from NALM.

6. Other (expenses) / income

	2020 €'000	2019 €'000
Dividend income from equity instruments (a)	-	907
Fair value (loss) / gain on equity instruments (b)	(8,982)	2,009
Other expenses (c)	-	(482)
Total other (expenses) / income	**(8,982)**	**2,434**

(a) During 2019, the Company received dividend income of €907k from its investments in equity interests. No dividend income was received in 2020.

(b) The fair value of the Company's equity instruments is based on the valuation techniques which consider the value of the Company's claim to the underlying assets of the entity. Changes in fair value are recognised in the statement of comprehensive income in accordance with accounting policy 2.5.

(c) During 2019, the Company paid a contracted fee of €482k following the reaching of a designated return on an equity investment.

7. Net profit on refinancing of loans

	2020 €'000	2019 €'000
Net profit on refinancing of loans	-	234

Profit or loss on refinancing of loans is measured as the difference between the proceeds received, including any deferred consideration, less related selling expenses and their net carrying value. In 2019, the Company realised a net profit of €234k on the refinancing of loans in the financial year.

8. Administration expenses

	2020 €'000	2019 €'000
Portfolio management fees	32	45
Legal fees	1	160
Finance fees	2	28
Total administration expenses	**35**	**233**

9. Tax credit

The Company is a qualifying entity within the meaning of Section 110 of the Taxes Consolidation Act. As such profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions of Case I of Schedule D.

	2020 €'000	2019 €'000
Current tax		
Irish corporation tax	-	-
Deferred tax		
On fair value gains on equity instruments	(2,246)	(2,433)
Total deferred tax recognised in statement of comprehensive income	**(2,246)**	**(2,433)**
Total tax credit	**(2,246)**	**(2,433)**

The reconciliation of tax on profit at the relevant Irish corporation tax rate to the Company's actual tax charge for the financial year is as follows:

Reconciliation of tax on losses	2020 €'000	2019 €'000
Loss before tax	(8,882)	(9,075)
Tax calculated at a tax rate of 25%	(2,221)	(2,269)
Non-deductible expenditure	2,221	2,269
Movement in deferred tax liability recognised	(2,246)	(2,433)
Tax credit	**(2,246)**	**(2,433)**

A deferred tax credit of €2,246k (2019: €2,433k) was recognised for the period.

The Company has no tax-related contingent liabilities and contingent assets in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. No significant effects arise from changes in tax rates or tax laws after the reporting period.

10. Cash and cash equivalents

	2020 €'000	2019 €'000
Balances with Central Bank	41	41
Balances with other banks	227	1,240
Total cash and cash equivalents	**268**	**1,281**

Balances with other banks comprise balances held with AIB. No expected credit loss has been recognised on cash and cash equivalents.

11. Loans measured at FVTPL

	2020 €'000	2019 €'000
Loans measured at FVTPL	19,840	21,445

The above reflects the carrying value of the loans at the reporting date which have been classified and measured at fair value through profit or loss. The Company assesses the classification and measurement of each financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing that asset.

The following table summarises the movement in loans measured at FVTPL for the reporting period.

	2020 €'000	2019 €'000
Balance at 1 January	21,445	27,929
Movement in year		
Receipts on loans measured at FVTPL	-	(15,100)
Advances to borrowers	2,738	5,834
Conversion to equity	(6,772)	-
Profit on refinancing loans measured at FVTPL	-	234
Fair value gains on loans measured at FVTPL	2,429	2,548
Total loans measured at FVTPL	**19,840**	**21,445**

12. Investment in equity instruments

	2020 €'000	2019 €'000
Investment in ICAVs	6,860	3,551
Investment in D.A.C.s	1,727	9,970
Investment in limited liability partnership	228	-
Total investment in equity instruments at fair value	**8,815**	**13,521**

The Company acquired a 40% equity interest in an ICAV during 2017. The Company's investment in the ICAV is valued at fair value.

In 2018, the Company entered into an agreement to acquire a site in Dublin, by subscribing to 25% of the share capital of a D.A.C. This investment was fully disposed during 2020.

The Company also acquired a 40% equity share in a D.A.C over the course of 2017 for consideration of €682k. This was valued at €Nil (2019: €4,549k) at the reporting date.

The Company also acquired an equity share in a D.A.C over the course of 2016. This was valued at €1,726k (2019: €2,929k) at the reporting date.

The Company acquired a 20% interest in a limited liability partnership in 2013. This was revalued to the fair value of €228k (2019: €Nil) at the reporting date. In 2021 this investment was put into liquidation.

Investments in equity instruments are recognised in accordance with accounting policy 2.5.

13. Deferred tax

	Assets €'000	Liabilities €'000	Total €'000
Balance at 1 January 2020	**-**	**(2,207)**	**(2,207)**
Movement in the financial year	528	1,718	**2,246**
Balance at 31 December 2020	**528**	**(489)**	**39**

	Assets €'000	Liabilities €'000	Total €'000
Balance at 1 January 2019	-	**(4,640)**	**(4,640)**
Movement in the financial year	-	2,433	**2,433**
Balance at 31 December 2019	**-**	**(2,207)**	**(2,207)**

Deferred tax on equity instruments is recognised on the difference between the tax base of investment in equity instruments and the fair value of investments in equity instruments at the reporting date. In accordance with accounting standards, deferred tax on the fair value movement on investments in equity instruments is recognised where the related fair value is accounted for, i.e. in the statement of comprehensive income.

A deferred tax asset of €39k (2019: €2,207k deferred tax liability) has been recognised in relation to investments in equity instruments.

14. Intergroup payables

	2020 €'000	2019 €'000
Profit participating loan NAMGS – principal	5,601	5,678
Profit participating loan NAMGS – interest	17,020	15,353
Intergroup loan NALM - principal	5,716	6,406
Intergroup loan NALM – interest	782	159
Intergroup expenses payable	572	535
Total intergroup payables	**29,691**	**28,131**
Current	23,975	21,725
Non-current	5,716	6,406

Intergroup payables consist of a profit participating loan facility agreement between the Company and NAMGS of principal €5,601k (2019: €5,678k) and interest of €17,020k (2019: €15,353k). The Company also entered into an arm's length intergroup loan agreement with NALM during 2017; which has been used to repay a significant portion of the PPL facility with NAMGS. The principal balance outstanding on this loan was €5,716k (2019: €6,406k) at the reporting date, with interest of €782k (2019: €159k) also having accrued.

Changes in liabilities arising from financing activities

Intergroup Loan	2020 €'000	2019 €'000
As at the beginning of the year	28,131	59,210
Cash flows		
Repayment of intergroup loan	(2,102)	(45,625)
Non-cash changes		
Movement in PPL and intergroup loans	3,662	14,546
At the end of the year	**29,691**	**28,131**

15. Accrued expenses

	2020 €'000	2019 €'000
Accrued expenses	-	2

Accrued expenses as at end of 2019 relate to tax advice costs.

16. Risk management

The Company is exposed to credit risk and liquidity risk in the normal course of business. Credit risk is the risk that the loans will not be repaid in full. Liquidity risk is the risk that the Company will not be able to meet its liabilities as they fall due.

16.1. Credit risk

Credit risk is the risk of incurring financial loss that would arise from the failure of the Company's debtor to fulfil its contractual obligations to the Company.

Credit risk is the most significant risk to the Company. The Company therefore carefully manages its exposure to credit risk. The credit risk arising from the Company's lending and credit risk management activities is mitigated by the NAMA Group's Policy and Procedures Framework.

16.1.1 Credit risk assessment

Credit risk assessment focuses on debtor repayment capacity.

16.1.2 Credit risk control

Credit risk policy, as determined by the NAMA Group, applies to the Company. The NAMA Group has defined a Policies and Procedures Framework for the NAMA Group. This sets out authority levels for permitted credit decisions and credit limits, as well as credit risk monitoring and reporting to be carried out by the NAMA Group.

16.1.3 Maximum exposure to credit risk

At the reporting date, financial assets exposed to credit risk include cash and cash equivalents, loans measured at FVTPL, investments in equity instruments, and other assets. It is the opinion of the Company that the maximum exposure to credit risk at the reporting date is the carrying values of the financial assets, as presented in the statement of financial position.

16.1.4 Information regarding the credit quality of the financial assets

The loan receivable, cash and cash equivalents, and investments in equity instrument amounts at 31 December 2020 have been graded satisfactory (2019: satisfactory). Default occurs when a counterparty does not meet its obligations. The credit quality of the financial instrument amounts at the reporting date has been graded satisfactory. Cash and cash equivalents are held with central banks and other banks/counterparties which have a very low risk of default and a low credit risk profile. All banks/counterparties are rated investment grade by credit rating agencies at 31 December 2020.

16.1.5 Geographical analysis

All of the Company's assets and liabilities are located in Ireland.

16.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet all of its financial obligations as and when they fall due. Liquidity risk arises from differences in timing between cash inflows received from the Company's financial assets and outflows in respect of the intergroup profit participating loan facility payable to the Company's parent, NAMGS and the intergroup loan facility payable to NALM, a NAMA group entity.

16.2.1 Non-derivative cash flows

The following table presents the cash flows payable by the Company on foot of its non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative cash flows 2020	0-6 months €'000	Greater than 1 year €'000	Total €'000
Liabilities			
Intergroup payables	23,975	5,716	**29,691**
Total liabilities	**23,975**	**5,716**	**29,691**
Assets held for managing liquidity risk			**268**

Non-derivative cash flows 2019	0-6 months €'000	Greater than 1 year €'000	Total €'000
Liabilities			
Intergroup payables	21,725	6,406	**28,131**
Accrued expenses	2	-	**2**
Total liabilities	**21,727**	**6,406**	**28,133**
Assets held for managing liquidity risk			**1,281**

Assets available to meet all of the liabilities include cash and cash equivalents.

16.3 Market risk

The Company is exposed to equity price risk arising from equity instruments. The fair value of equity instruments is measured based on the asset value of the investment entity at the reporting date. Equity price risk is monitored through the review of asset valuations, which are provided by the fund managers.

16.3.1 Price risk

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 10% higher / lower, profit before taxation for the financial year ended 31 December 2020 would increase / decrease by 10% as a result of the changes in fair value of the Company's equity instruments, which are classified as fair value through profit or loss, in accordance with accounting policy 2.5.

17. Fair value of financial assets and liabilities

(a) Comparison of carrying value to fair value

The table below summarises the carrying amounts and fair values of financial assets and liabilities presented on the Company's statement of financial position.

	2020 Carrying value €'000	2020 Fair value €'000	2019 Carrying value €'000	2019 Fair value €'000
Financial assets				
Cash and cash equivalents	268	268	1,281	1,281
Loans measured at FVTPL	19,840	19,840	21,445	21,445
Investment in equity instruments	8,815	8,815	13,521	13,521
Total assets	**28,923**	**28,923**	**36,247**	**36,247**

	2020 Carrying value €'000	2020 Fair value €'000	2019 Carrying value €'000	2019 Fair value €'000
Financial liabilities				
Intergroup payables	29,691	29,691	28,131	28,131
Accrued expenses	-	-	2	2
Total liabilities	**29,691**	**29,691**	**28,133**	**28,133**

Financial assets and liabilities not subsequently measured at fair value

For financial assets and liabilities which are not subsequently measured at fair value in the statement of financial position, their fair values are their carrying value due to their short term nature.

(b) Fair value hierarchy

IFRS 13 *Fair Value Measurement* specifies a three level hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. The fair value hierarchy comprises:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments with significant unobservable components. The fair value of equity investments is based on the asset value of the underlying companies. The asset values of the underlying companies are primarily derived from the fair value of the underlying properties. The fair value is calculated using a residual valuation approach and market evidence of comparable transactions. The significant unobservable component used for valuation is asset values.

  This level also includes loans measured at FVTPL. The valuation methodology for loans at FVTPL is to estimate the expected cash flows to be generated by the financial asset and then discount these values back to a present value. The assumptions involved in this technique include:
  - the likelihood and expected timing of future cash flows; and
  - selecting an appropriate discount rate for the financial asset or group of financial assets, based on management's assessment of the characteristics of the instrument and relevant market information.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Fair value hierarchy for assets and liabilities measured at fair value

31 December 2020	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Investments in equity instruments	-	-	8,815	8,815
Loans measured at FVTPL	-	-	19,840	19,840
Total assets	**-**	**-**	**28,655**	**28,655**

31 December 2019	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Investments in equity instruments	-	-	13,521	**13,521**
Loans measured at FVTPL	-	-	21,445	**21,445**
Total assets	**-**	**-**	**34,966**	**34,966**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period). The Company's policy is to recognise transfers into and out of the fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer.

There were no transfers between hierarchy levels during 2020 and 2019.

The following tables shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value.

Investments in equity instruments	Note	2020 €'000	2019 €'000
Balance as at 1 January		13,521	48,167
Additional investments		6,772	8,715
Disposal of investments		(2,496)	(45,370)
Fair value movements	6	(8,982)	2,009
Balance as at 31 December		**8,815**	**13,521**

The Company had no realised gains or losses on the disposal of its equity instruments during the financial year (2019: €nil).

Loans measured at FVTPL	2020 €'000	2019 €'000
Balance as at 1 January	21,445	27,929
Receipts on loans at FVTPL	-	(15,100)
Advances to borrowers	2,738	5,834
Conversion to equity	(6,772)	-
Profit on refinancing of debtor loans measured at FVTPL	-	234
Fair value gains on loans at FVTPL	2,429	2,548
Balance at 31 December	**19,840**	**21,445**

IFRS 13 requires that financial assets and liabilities not carried at fair value but for which fair value is disclosed are also classified within the fair value hierarchy. Financial assets and liabilities measured at amortised cost are classified under Level 1.

Quantitative information about fair value measurements (Level 3)

Level 3 assets	Valuation technique	Unobservable input	Fair value 31 December 2020 €'000	Fair value 31 December 2019 €'000
Investments in equity instruments	Residual valuation approach	1) Asset value	8,815	13,521
Loans measured at FVTPL	Discounted cashflow	1) Timing of cashflows 2) Discount rates	19,840	21,445

Sensitivity of Level 3 measurements

The implementation of valuation techniques involves a considerable degree of judgement. The sensitivity analysis has been determined based on the exposure to possible alternative assumptions in the valuation methodology at the end of the reporting period. It is considered that a 10% increase in the asset value of equity investment would result in a 10% increase in fair value.

The table below shows the estimate of the impact of cash flow timings on fair value on loans.

31 December 2020	+ 6 months €'000	+3 months €'000	(3) months €'000
Loans measured at FVTPL	(1,111)	(560)	55

31 December 2019	+3 months €'000	(3) months €'000
Loans measured at FVTPL	(604)	615

Categories of financial assets and financial liabilities

Financial assets and liabilities are categorised in accordance with IFRS 9 as follows:

- Fair value through profit or loss (FVTPL)
- Amortised cost

Financial assets	2020 Amortised cost €'000	2020 FVTPL €'000	2019 Amortised cost €'000	2019 FVTPL €'000
Cash and cash equivalents	268	-	1,281	-
Loans receivable	-	19,840	-	21,445
Investment in equity instruments	-	8,815	-	13,521

Financial liabilities	2020 Amortised cost €'000	2019 Amortised cost €'000
Intergroup payables	29,691	28,131
Accrued expenses	-	2

18. Capital management

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. The Company's objectives when managing capital in its statement of financial position are:

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Company's capital base comprises Share Capital (Note 19). The Company is not subject to any externally imposed capital requirements.

19. Called up share capital

As at 31 December 2020 and 2019	Number	€
Authorised:		
Ordinary shares of €1 each	1,000	1,000
Issued and fully paid		
Ordinary shares of €1 each	100	100

Share capital comprises only ordinary shares. These shares do not have any special rights, preferences or restrictions attaching to them.

20. Reconciliation of retained earnings

	2020 €'000	2019 €'000
At 1 January	5,907	12,549
Loss for the financial year	(6,636)	(6,642)
At 31 December	**(729)**	**5,907**

21. Related party disclosures

The related parties of the Company comprise the following:

NAMA Group entities

The Company's immediate parent entity is NAMGS, a company incorporated in Ireland. The Company is ultimately controlled by NAMA, which owned 49% of National Asset Management Agency Investment D.A.C. ('NAMAI') until 26 May 2020. The remaining 51% of the shares in NAMAI were held by private investors until that date. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI.

The related party Group comprises:
National Asset Management Agency
National Asset Management Agency Investment D.A.C.
National Asset Management D.A.C.
National Asset Management Group Services D.A.C.
National Asset Loan Management D.A.C.
National Asset North Quays D.A.C.
National Asset Property Management D.A.C.
National Asset Management Services D.A.C.
National Asset Residential Property Services D.A.C.
National Asset Sarasota Limited Liability Company
Pembroke Beach D.A.C.
Pembroke West Homes D.A.C
Pembroke Ventures D.A.C.
National Asset Leisure Holdings Limited (in Voluntary Liquidation)
RLHC Resort Lazer SGPS, S.A.
RLHC Resort Lazer II SGPS, S.A.

Minister for Finance

The Minister for Finance (the 'Minister') established NAMA under the NAMA Act 2009. Sections 13 and 14 of the Act grant certain powers to the Minister in relation to NAMA. Section 13 provides that the Minister may issue guidelines to NAMA for the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is required to have regard to any such guidelines in performing its functions. Section 14 provides that the Minister may issue directions to NAMA concerning the achievement of the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is obliged to comply with any such direction.

The effect of these statutory provisions is that the Minister has the ability to exercise significant influence over NAMA.

Participating Institutions

During 2010, a number of legislative measures were enacted that gave the Minister rights and powers over certain financial institutions in respect of various matters of ownership, board composition, acquisition or sale of subsidiaries, business activity, restructuring and banking activity. The Participating Institutions also agreed to consult with the Minister prior to taking any material action which may have a public interest dimension. Participating Institutions are credit institutions that were designated by the Minister, under Section 67 of the Act, as a Participating Institution.

The Company has an operating account with Allied Irish Banks p.l.c which is a Participating Institution. The account had a balance of €227k (2019: €1,240k) at the reporting date. The average closing daily balance throughout the year was €623k (2019: €4,230k).

Key management personnel

No Director of the Company received any compensation in the form of fees, salary or other compensation from the Company in their capacity as Directors of the Company. All of the Company Directors, with the exception of Aidan Williams are employed by the National Treasury Management Agency (NTMA) and received salaries as employees of the NTMA. The Directors who served during the year are also Directors of National Asset Management Agency Investment D.A.C., a fellow NAMA group company. The Directors are also Directors of a number of other NAMA group undertakings. The Directors do not consider it practical to apportion their emoluments between their qualifying services as Directors of the Company and as directors of other NAMA group undertakings. The emoluments of these Directors are disclosed in the financial statements of NAMAI.

Related party balances

The following are the transactions entered into with Group entities during the reporting period.

Payables	2020 €'000	2019 €'000
Profit participating loan from NAMGS – principal (Note 14)	5,601	5,678
Profit participating loan from NAMGS – interest (Note 14)	17,020	15,353
Intergroup loan from NALM – principal (Note 14)	5,716	6,406
Intergroup loan from NALM – interest (Note 14)	782	159
Intergroup expenses due to NALM	572	535
Total intergroup payables	**29,691**	**28,131**

Interest expense	2020 €'000	2019 €'000
Interest due to NAMGS	1,667	12,214
Interest due to NALM	623	1,815
Total intergroup interest expense	**2,290**	**14,029**

The Company also has an intercompany receivable of €100 (2019: €100) from NAMGS for the purchase of company shares.

There are no other transactions with related parties other than those set out in this note and all related party transactions occur on an arm's length basis.

22. External audit remuneration

The Comptroller and Auditor General and Mazars provide external audit services to the NAMA Group. The external auditors' remuneration has been borne and incurred by NALM and accordingly are not reflected in the statement of comprehensive income of the Company.

23. Contingent liabilities

The Company entered into an agreement to provide a guarantee of €10m to the debt funder of an equity investee of the Company.

24. Events after the reporting date

Covid-19 Restrictions

On 6 January 2021, the Irish Government announced a further set of restrictions in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of private housing that was to be completed by 31 January 2021 and social housing to be completed by 28 February 2021. While all construction work has been permitted to recommence from 4 May 2021, there continues to be some uncertainty as to the extent that the impact of the Covid-19 pandemic will have on the markets that the Company's underlying investments operate in. The Company continues to take steps to limit the negative operational and financial impacts of the pandemic.

25. Approval of financial statements

The Directors approved the financial statements on 21 June 2021. The financial statements were authorised for issue by the Board on 21 June 2021.

National Asset Loan Management Designated Activity Company

Directors' Report and Financial Statements for the financial year ended 31 December 2020

National Asset Loan Management D.A.C.
Contents

Financial Statements

National Asset Loan Management D.A.C.
Directors and other information

Directors

Brendan McDonagh
Alan Stewart
Aidan Williams

Secretaries and Registered Office

Deirdre McCabe (resigned 30 March 2021)
Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021)
Gillian Joyce (Assistant Secretary, resigned 18 June 2020)
Majella Galligan (Assistant Secretary, appointed 30 March 2021)

Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

Principal Bankers

Central Bank of Ireland
North Wall Quay
Dublin 1
D01 F7X3

Citibank
North Wall Quay
Dublin 1
D01 T8Y1

Allied Irish Banks, p.l.c.
Baggot Street Lower
Dublin 2
D02 X342

Registered Number

480246

Auditors

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

Mazars
Chartered Accountants and Statutory Audit Firm
Harcourt Centre Block 3
Harcourt Road
Dublin 2
D02A339

National Asset Loan Management D.A.C.
Directors' report

The Directors of National Asset Loan Management D.A.C. (the 'Company') present their report and audited financial statements for the financial year ended 31 December 2020.

The financial statements are set out on pages 15 to 71.

Principal activity of the Company

The Company was established to acquire, hold, and manage the loan assets acquired from the Participating Institutions ('PIs'). The Company is a National Asset Management Agency ('NAMA' or 'the Agency') Group Entity.

The Company has one subsidiary:

National Asset North Quays D.A.C. (NANQ)

NANQ was incorporated on 8 April 2015. NANQ is a 100% wholly owned subsidiary of the Company and was established to hold the freehold lands acquired by NAMA at 72-80 North Wall Quay, Dublin 1 in February 2015 and to receive proceeds from a secure income stream from the lands in the form of a licence fee. The licence was granted to a third party for a period of six years to enable the development of the site for long-term commercial benefit. In addition to the secure income stream, a fixed percentage of rents and a percentage of sales proceeds of any completed development to be built on the lands are due to NANQ.

Directors' Responsibility Statement

The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the NAMA Act 2009 and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Irish company law requires the Directors to prepare financial statements for each financial year. Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing the financial statements, the Directors:

- select suitable accounting policies and then applies them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to do so.

The Directors are responsible for ensuring that the Company keeps adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding assets under its control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting records

The measures that the Directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the use of the services of appropriately qualified accounting personnel and the maintenance of appropriate accounting systems. The Company's accounting records are maintained at the Company's registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

Business review, results and dividends

The Company made an operating profit before impairment of €175m in 2020 (2019: €239m), its eleventh year of operation. A net gain on debtor loans at FVTPL of €146m was recognised during 2020 (2019: €232m). A tax charge of €22m was recognised in 2020 (2019: €29m). The overall result was a profit for the financial year of €153m (2019: €209m).

Receipts from borrowers were €0.9bn (2019: €1.2bn), with €0.6bn of net cash provided by operating activities (2019: €0.8bn).

Impact of Covid-19

The Covid-19 pandemic and associated restrictions have had a material effect on economic activity world-wide. From the Company's perspective, the restrictions have impacted demand for certain classes of collateral assets as well as progress in relation to the Company's residential and commercial delivery programmes. Site closures, impacts to supply chains and physical distancing measures have resulted in unavoidable delays to construction projects across both the residential and commercial sectors. Accordingly, the Company's 2020 residential delivery target was revised downwards.

Notwithstanding this, the Company's 2020 financial performance and net cash generation remained strong with the Company continuing to make progress toward the achievement of its key strategic objectives and the revised residential delivery target was exceeded for the year. There remains significant uncertainty as to the full economic impact of the pandemic and the Company continues to make every effort to mitigate the financial and other impacts using measures under its control. The Company's approach to the valuation of its financial assets in the context of Covid-19 has been comprehensive and conservative with prudent assumptions applied to key inputs.

Interest and fee income

In 2020 the Company reported total interest income of €14m (2019: €9m) and fee income of €9m (2019: €0.2m).

Interest and similar expense

The total interest and similar expense for 2020 was €58m (2019: €63m). This amount includes €50m (2019: €50m) of loan interest payable to other group companies and negative interest expense on cash and cash equivalents for the year of €7m (2019: €12m).

Derivatives and foreign currency movements

The Company has acquired foreign currency loans (mainly sterling denominated) for which it paid euro-denominated floating rate bonds. As part of its risk management policy the Company has €5m (2019: €18m) of foreign currency derivatives to hedge the currency risk on these loans. The net effect for 2020 was a gain of €20k (2019: €622k), which was recognised in the 2020 income statement.

Net profit on disposal and refinancing of loans

The Company made a net profit on disposal and refinancing of loans of €87m in 2020 (2019: €5m) (see Note 8).

Administration costs

2020 administration costs were €62m (2019: €68m), which equated to 7.5% (2019: 5.6%) of the 2020 loan book balance (based on the closing 2020 carrying value). The largest single cost was an amount of €32m reimbursable to NAMA the Agency (2019: €39m). NAMA is required to reimburse the National Treasury Management Agency (NTMA) for the costs incurred by the NTMA in consequence of its assigning staff and providing services to NAMA. The costs incurred by the NTMA are charged to NAMA (the Agency) and the Agency is reimbursed by the Company.

The Company has no employees. All staff are employed by the NTMA and recharged to the Company by the NTMA as a Service Provider. Salary costs comprised €25m (2019: €29m) of the total 2020 recharge from the NTMA.

Dividends

The Company did not pay any dividends in respect of the year ended 31 December 2020 (2019: €Nil).

Financial and non-financial key performance indicators (KPIs)

The critical KPIs of the Company are those selected by the NAMA Group Board to monitor its success in meeting NAMA's stated objectives. Critical key performance indicators include cash generation, disposal receipts and non-disposal income.

During 2020, the Company generated €0.9bn (2019: €1.2bn) of disposal and non-disposal cash receipts on loans.

Future development

The Company will continue in its current business for the foreseeable future.

Going Concern Assessment

The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. Further details on the going concern assessment is in Note 2.1.

Events after the reporting date

(a) Covid-19 Restrictions

On 6 January 2021, the Irish Government announced a further set of restrictions in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of private housing that was to be completed by 31 January 2021 and social housing to be completed by 28 February 2021. While all construction work has been permitted to recommence from 4 May 2021, there continues to be some uncertainty as to the extent that the impact of the Covid-19 pandemic will have on the markets that the Company and its subsidiaries operate in. The Company continues to take steps to limit the negative operational and financial impacts of the pandemic.

(b) Pembroke Transaction

On 4 June 2021 Pembroke Ventures DAC ('PV), Pembroke Beach DAC ('PB') and Pembroke West Homes DAC ('PWH') ceased to be NAMA group entities following completion of a transaction whereby a consortium consisting of Ronan Group Real Estate, funds managed by Oaktree Capital Management, L.P. ('Oaktree') and Oaktree affiliate Lioncor Developments Limited, subscribed for the majority 80% shareholding in PV.

This transaction resulted in the repayment of the Company's intergroup loans that had been advanced to these entities. As part of the transaction, the Company advanced a new loan to PB.

(c) Dividends

On 21 June 2021 the Board of directors of the Company declared a dividend of €805m to NAMGS.

Risk management

The Company is exposed to principal risks which have the potential to have a significant impact on the achievement of the Company's overall strategic objectives.

- Domestic or international macroeconomic or financial shock
- Material loss of human capital
- A failure to deliver Dublin Docklands or Poolbeg SDZ plans
- A failure to deliver Residential Delivery plans
- Reputational damage.

The principal risks remain under constant review by NAMA's Risk Management Committee and any changes (including the impact of Covid-19) are reported to the NAMA Board. In April 2020, the Board approved a Risk Appetite Statement for each of the Principal Risks which defines the propensity for the NAMA Group to take certain risks in order to achieve its strategic objectives. The Board reviewed and approved the Principal Risks in October 2020 which included subrisks around the pandemic.

The Company is exposed to financial risks such as credit risk, market risk (in the form of interest rate risk, foreign exchange risk and other price risk) and liquidity risk in the normal course of business. Further details on how the Company manages these financial risks are given in notes 21 to 23 of the financial statements.

Directors and Secretaries

The Directors, who served during the financial year, are Brendan McDonagh, Alan Stewart and Aidan Williams.

The Secretaries, who served during the financial year, are Deirdre McCabe (Secretary, resigned 30 March 2021), Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021) and Gillian Joyce (Assistant Secretary, resigned 18 June 2020).

Directors' and Secretaries' interests in shares

The Directors and Secretaries in office at 31 December 2020 had no beneficial interests (2019: none) in the share capital of the Company or any other NAMAI Group Company. In addition the Directors have complied with Section 30 of the National Asset Management Agency Act 2009 in relation to the disclosure of beneficial interests in the Company.

Directors' Compliance Statement

As required by Section 225 of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations" (as defined in that legislation and Tax Laws). The Directors confirm that:

- a compliance policy statement (as defined in section 225(3)(a)) has been drawn up;
- appropriate arrangements and structures that are, in the Directors' opinion, designed to secure material compliance with the relevant obligations have been put in place; and
- a review of those arrangements and structures has been conducted in the financial year to which this report relates.

Audit Committee

An Audit Committee has been established by NAMA which also covers the activities of the Company. The Audit Committee is responsible for the review of the financial reporting process, the system of internal control, the audit process, the processes, procedures and practices for ensuring compliance with all relevant legal, regulatory and taxation requirements as they affect the Company.

Disclosure of Information to Auditors

In so far as each of the Directors in office at the date of approval of the financial statements is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Auditors

The Comptroller and Auditor General is the Company's auditor by virtue of Section 57 of the Act.

Pursuant to the requirements of the Companies Act 2014, NAMA is required to separately appoint a statutory auditor in respect of companies within the NAMA Group which are deemed to be trading for gain. As the NAMAI Group operates to return dividends to its shareholder it is deemed to be trading for gain. As such, Mazars, Chartered Accountants and Statutory Audit Firm, were appointed as statutory auditors of the Company on 1 June 2017 in accordance with section 382(1) of the Companies Act 2014. Mazars have indicated willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Asset Loan Management Designated Activity Company

Opinion on the financial statements

I have audited the financial statements of National Asset Loan Management Designated Activity Company (the company) for the year ended 31 December 2020 as required under the provisions of section 57 of the National Asset Management Agency Act 2009. The financial statements comprise

- the income statement
- the statement of comprehensive income
- the statement of financial position
- the statement of changes in equity
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion,

- the financial statements give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2020 and of its profit for 2020, and
- the financial statements have been properly prepared in accordance with the financial reporting framework set out in note 2.2 of the notes to the financial statements.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis. As described in the appendix to this report, I conclude on

- the appropriateness of the use by the directors of the going concern basis of accounting and
- whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

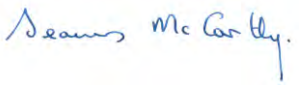
I have nothing to report in that regard.

Report of the C&AG (continued)

Report on information other than the financial statements, and on other matters

The directors have presented a report with the financial statements. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



Seamus McCarthy
Comptroller and Auditor General

25 June 2021

Appendix to the report

Responsibilities of the directors

As detailed in the directors' report, the directors are responsible for

- the preparation of the financial statements under the National Asset Management Agency Act 2009 and in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with the financial reporting framework set out in note 2.2 of the financial statements
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 57 of the National Asset Management Agency Act 2009 to audit the financial statements of the company and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

mazars

Independent auditor's report to the

Members of National Asset Loan Management DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Asset Loan Management DAC ('the Company') for the year ended 31 December 2020, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the Company financial statements, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the European Union ("EU").

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibility statement out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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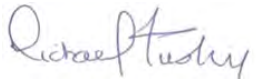
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Tuohy

for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre,
Block 3
Harcourt Road
Dublin 2
Date: 25 June 2021

National Asset Loan Management D.A.C.
Income statement
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Net gains on debtor loans measured at FVTPL	4	146,491	231,736
Net gains on intergroup loans measured at FVTPL	4	40,509	123,483
Interest income	5	14,110	8,664
Other (expenses) / income	6	(1,485)	1,174
Fee income	7	8,606	249
Net profit on disposal and refinancing of loans and property	8	86,840	5,144
Losses on derivative financial instruments	9	-	(733)
Interest and similar expense	10	(57,809)	(62,771)
Net operating income		**237,262**	**306,946**
Administration expenses	11	(62,006)	(67,546)
Foreign exchange losses	12	(237)	(861)
Total operating expenses		**(62,243)**	**(68,407)**
Operating profit before impairment		**175,019**	**238,539**
Impairment charge on intergroup receivables	13	(14)	(755)
Operating profit after impairment		**175,005**	**237,784**
Tax charge	14	(21,826)	(28,927)
Profit for the financial year		**153,179**	**208,857**
Profit attributable to:			
Owners of the parent		**153,179**	**208,857**

The accompanying notes form an integral part of these financial statements.

All results are from continued operations.

National Asset Loan Management D.A.C.
Statement of comprehensive income
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Profit for the financial year		**153,179**	**208,857**
Items that are or may be reclassified subsequently to profit or loss:			
Net movement in financial assets measured at FVOCI	15,32	(1,206)	(1,422)
Income tax relating to components of other comprehensive income	15,26	685	18
Other comprehensive expenses for the financial year net of tax		**(521)**	**(1,404)**
Total comprehensive income for the financial year		**152,658**	**207,453**
Total comprehensive income attributable to:			
Owners of the parent		**152,658**	**207,453**

The accompanying notes form an integral part of these financial statements.

All results are from continued operations.

National Asset Loan Management D.A.C.
Statement of financial position
As at 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Assets			
Cash and cash equivalents	16	386,329	3,472,375
Cash placed as collateral with the NTMA	16	3,000	25,000
Exchequer Notes	16	875,000	-
Government bonds	17	-	342,052
Derivative financial instruments	18	254	208
Debtor loans measured at FVTPL	19	830,227	1,205,587
Other assets	27	586,522	612,798
Inventories – trading properties	20	-	55
Investments in equity instruments	29	4,846	5,381
Total assets		**2,686,178**	**5,663,456**
Liabilities			
Derivative financial instruments	18	26	-
Other liabilities	28	1,355,294	4,479,683
Tax payable	35	722	1,147
Deferred tax	26	8,921	14,069
Total liabilities		**1,364,963**	**4,494,899**
Equity and reserves			
Called up share capital	31	-	-
Retained earnings	33	1,321,215	1,168,036
Other reserves	32	-	521
Total equity and reserves		**1,321,215**	**1,168,557**
Total equity, reserves and liabilities		**2,686,178**	**5,663,456**

The accompanying notes form an integral part of these financial statements.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

National Asset Loan Management D.A.C.
Statement of changes in equity
For the financial year ended 31 December 2020

	Note	Share capital €'000	Retained earnings €'000	Other reserves €'000	Total equity €'000
Balance as at 1 January 2020		**-**	**1,168,036**	**521**	**1,168,557**
Profit for the financial year	33	-	153,179	-	153,179
Other comprehensive income:					
Movement in financial assets measured at FVOCI	32	-	-	(1,206)	(1,206)
Income tax relating to components of other comprehensive income	15	-	-	685	685
Total comprehensive income for the year		**-**	**153,179**	**(521)**	**152,658**
Balance as at 31 December 2020		**-**	**1,321,215**	**-**	**1,321,215**

	Note	Share capital €'000	Retained earnings €'000	Other reserves €'000	Total equity €'000
Balance as at 1 January 2019		**-**	**959,179**	**1,925**	**961,104**
Profit for the financial year	33	-	208,857	-	208,857
Other comprehensive income:					
Movement in financial assets measured at FVOCI	32	-	-	(1,422)	(1,422)
Income tax relating to components of other comprehensive income	15	-	-	18	18
Total comprehensive income for the year		**-**	**208,857**	**(1,404)**	**207,453**
Balance as at 31 December 2019		**-**	**1,168,036**	**521**	**1,168,557**

The accompanying notes form an integral part of these financial statements.

National Asset Loan Management D.A.C.
Statement of cash flows
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Cash flow from operating activities			
Debtor Loans			
Receipts from loans		855,437	1,200,604
Receipts from derivatives acquired		-	9,771
Funds advanced to borrowers		(244,743)	(404,879)
Movement in funds in the course of collection		-	(8)
Fee income	7	8,606	249
Net cash provided by debtor loans		**619,300**	**805,737**
Derivatives			
Cash inflow on foreign currency derivatives		91,047	172,612
Cash outflow on foreign currency derivatives		(90,311)	(175,465)
Net cash outflow on other derivatives		-	(5,000)
Net cash provided by / (used in) derivative activities		**736**	**(7,853)**
Other operating cashflows			
Payments to suppliers of services		(60,191)	(74,963)
Tax paid		(11,475)	(60,500)
Interest paid on cash and cash equivalents		(7,519)	(12,323)
Funds paid on behalf of NAMA group entities to acquire properties		(1,137)	(13,717)
Funds received on disposal of properties		64	1,060
Funds received on behalf of NAMA group entities on disposal of trading properties		802	-
Repayment of intergroup loans		62,932	180,178
Coupon paid on NAMA subordinated debt issued		(56,009)	(56,009)
Return of Collateral funds from the NTMA		22,000	-
Net cash used in other operating activities		**(50,533)**	**(36,274)**
Net cash provided by operating activities		**569,503**	**761,610**

National Asset Loan Management D.A.C.
Statement of cash flows (continued)
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Cash flow from investing activities			
Disposal of investments in equity instruments		-	14,697
Interest received on government bonds		15,775	21,970
Maturity of government bonds	17	325,000	105,000
Distributions received from equity instruments	6	788	5,874
Funds paid to acquire Exchequer Notes		(2,935,000)	-
Funds received on maturity of Exchequer Notes		2,060,000	-
Net cash (used in) / provided by investing activities		**(533,437)**	**147,541**
Cash flow from financing activities			
Repayment of intergroup loan		(3,120,100)	-
Payment of lease liabilities		(1,893)	(6,779)
Net cash used in financing activities		**(3,121,993)**	**(6,779)**
Cash and cash equivalents held at the beginning of the financial year		**3,472,375**	**2,569,746**
Net cash provided by operating activities		569,503	761,610
Net cash (used in) / provided by investing activities		(533,437)	147,541
Net cash used in financing activities		(3,121,993)	(6,779)
Effects of exchange-rate changes on cash and cash equivalents	12	(119)	257
Total cash and cash equivalents held at the end of the financial year	16	**386,329**	**3,472,375**
Financial assets, cash collateral and Exchequer Notes			
Cash collateral placed with the NTMA	16	3,000	25,000
Exchequer Notes	16	875,000	-
Government bonds	17	-	342,052
Total		**1,264,329**	**3,839,427**

The accompanying notes form an integral part of these financial statements.

1. General Information

The proposed creation of the National Asset Management Agency ('NAMA' or the 'Agency') was announced in the Minister for Finance's Supplementary Budget on 7 April 2009 and the NAMA Act 2009 (the 'Act') was passed in November 2009.

The Act established NAMA as a separate statutory body, with its own Board and Chief Executive Officer ('CEO') appointed by the Minister for Finance, in December 2009. The NAMA Board and all committees established by the NAMA Board are also responsible for the oversight and governance of all NAMA Group entities.

The main purpose of NAMA was to acquire assets in the form of property related loans from credit institutions which were designated by the Minister for Finance as Participating Institutions under Section 67 of the Act. The original Participating Institutions were: Allied Irish Banks, p.l.c. ('AIB'), Anglo Irish Bank Corporation Limited ('Anglo'), Bank of Ireland ('BOI'), Irish Nationwide Building Society ('INBS') and EBS Building Society ('EBS').

At the reporting date, the management of all loans acquired from Participating Institutions is being performed by NAMA and AIB. AIB and BCM Global (formerly Link Asset Services) provide loan administration services.

For internal management purposes and to align with NAMA Board Strategy and NAMA's objectives, the original NAMA portfolio has been split into three business units: Deleverage, Dublin Docklands Strategic Development Zone (SDZ) and Residential Delivery.

National Asset Loan Management D.A.C. (the 'Company') was established to acquire, hold, and manage the loan assets acquired from the Participating Institutions. The Company has one subsidiary, National Asset North Quays D.A.C. ('NANQ').

The Company's immediate parent entity is National Asset Management Group Services D.A.C. (NAMGS), a Company incorporated in Ireland. The Company is ultimately controlled by NAMA. Until 26 May 2020 NAMA owned 49% of the Company's ultimate parent, National Asset Management Agency Investment D.A.C. ('NAMAI'). The remaining 51% of the shares of NAMAI were held by private investors. Under the terms of a shareholders' agreement between NAMA and the private investors, NAMA could exercise a veto over decisions taken by NAMAI. As a result of this veto, the private investors' ability to control the financial and operating policies of NAMAI was restricted and NAMA had effective control of NAMAI and its subsidiaries. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI. The smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared is NAMA.

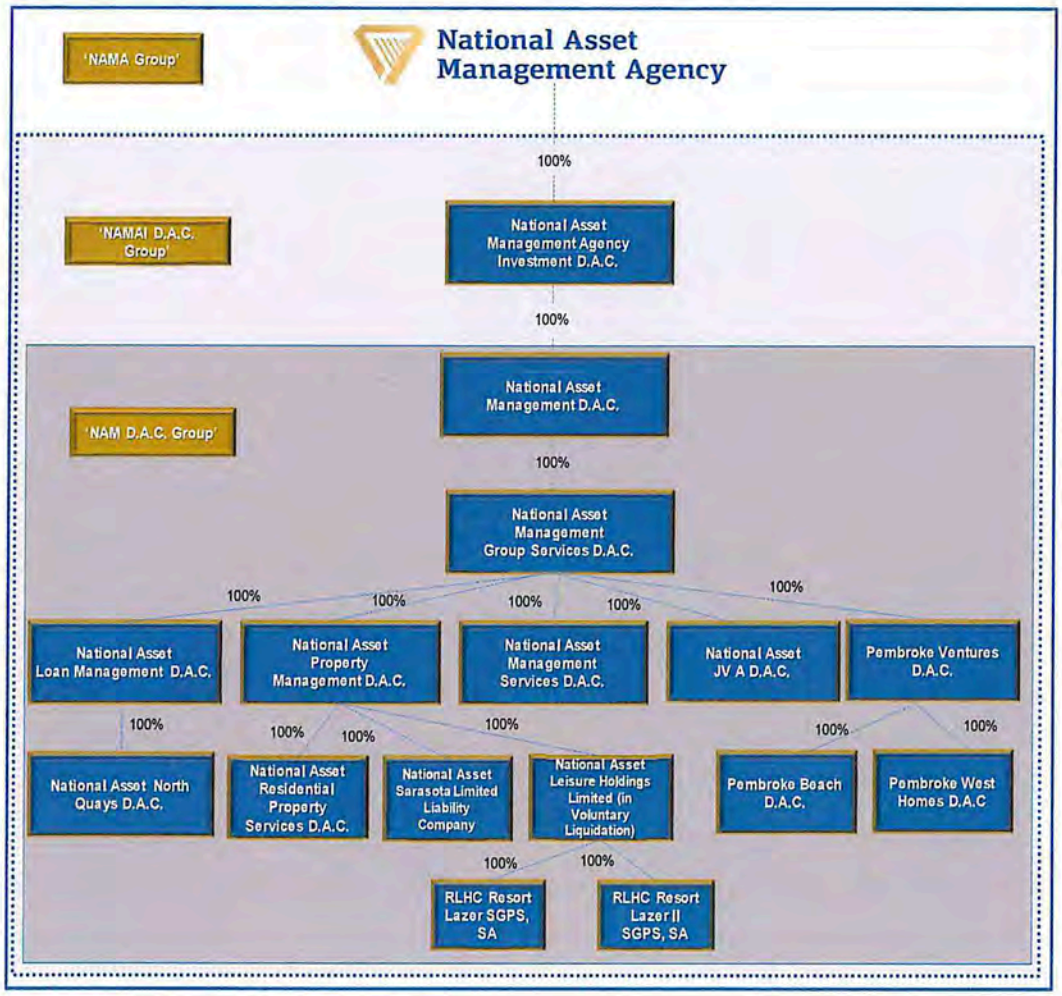
NANQ was incorporated on 8 April 2015. NANQ is a 100% wholly owned subsidiary of the Company and was established to hold the freehold lands acquired by NAMA at 72-80 North Wall Quay, Dublin 1, in February 2015, and to receive proceeds from a secure income stream from the lands in the form of a licence fee. The licence was granted to a third party for a period of six years to enable the development of the site for long-term commercial benefit. In addition to the secure income stream, a fixed percentage of rents and a percentage of sales proceeds of any completed development to be built on the lands are due to NANQ.

The Company has claimed exemption under IFRS 10.4 not to prepare consolidated accounts as its results and the results of its subsidiaries are presented in the consolidated financial statements of National Asset Management Agency (NAMA). NAMA's consolidated financial statements are available at its registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

The relationship between the NAMA Group entities as at 31 December 2020 is summarised in Chart 1.

The address of the registered office of the Company is Treasury Dock, North Wall Quay, Dublin 1. The Company is incorporated and domiciled in the Republic of Ireland

Chart 1 – 'NAMA Group' as at 31 December 2020



2. Significant accounting policies

2.1 Basis of preparation

Going concern

The financial statements for the financial year ended 31 December 2020 have been prepared on a going concern basis as the Directors are satisfied, having considered the principal risks and uncertainties impacting the Company that it has the ability to continue in business for the period of assessment. The period of assessment used by the Directors is twelve months from the reporting date of these annual financial statements.

The Company has entered into a loan agreement with NAMGS. The balances outstanding in respect of this agreement was €1.0bn (2019: €1.0bn) at the reporting date. Under the terms of the facility agreement, the loan is payable on demand.

At the reporting date, the Company had equity and reserves of €1,321m (2019: €1,169m). The Company has available cash, cash equivalents and liquid assets at 31 December 2020 of €1,264m (2019: €3,839m) and liabilities of €1,356m (2019: €4,481m), and therefore the Directors are satisfied that it can meet its current liabilities as they fall due for the foreseeable future.

The Company's activities are subject to risk factors including credit, liquidity, market and operational risk. In assessing the Company's ability to continue as a going concern the Directors have reviewed these risk factors and other relevant information including assessments of the impact of Covid-19 on the Company's business. Throughout the year the NAMA Board and its Committees review key

aspects of NAMA Group's activities and review, whenever appropriate, the critical assumptions underpinning its long-term strategies.

Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions, including those related to Covid-19, that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment.

2.2 Statement of compliance and basis of measurement

The Company's financial statements for the financial year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the NAMA Act 2009 and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments, equity instruments, debtor loans, certain intergroup loans and government bonds which have been measured at fair value where applicable.

The financial statements are presented in euro (€), which is the Company's functional and presentational currency. The figures shown in the financial statements are stated in € thousands (€'000s), unless otherwise stated.

The statement of cash flows shows the changes in cash and cash equivalents arising during the financial year from operating activities, investing activities and financing activities. The cash flows from operating activities are determined using the direct method, whereby major classes of gross cash receipts and gross payments are disclosed.

Cash flows from investing and financing activities are reported on a gross basis. The Company's assignment of the cash flows to operating, investing and financing categories depends on the Company's business model.

Certain prior year disclosures have been reclassified to conform to the presentation in the 2020 financial statements, with no impact on the income statement and statement of financial position for prior periods presented.

In accordance with IAS 1 *Presentation of Financial Statements*, assets and liabilities are presented in order of liquidity.

2.3 Changes in significant accounting policies

There have been no new standards, interpretations or changes in significant accounting policies that have had an effect on the Company's financial statements for the year ended 31 December 2020.

2.4 IFRS Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations have been issued but are not yet effective. The Company has not early adopted them in preparing these financial statements. Of these standards that are not yet effective, none are expected to have a significant impact on the Company's financial statements in the period of initial application.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The financial statements are presented in €, which is the Company's presentational currency.

(b) Transactions and balances

Transactions denominated, or that require settlement in a foreign currency are translated into the

functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition.

All foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses are presented as a separate line item in the income statement.

2.6 Financial assets

Recognition and initial measurement
The Company recognises financial assets in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at fair value. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss. For assets measured other than at FVTPL, transaction costs that are directly attributable to the acquisition or issue of financial assets are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

Classification and subsequent measurement
Subsequent to initial recognition, a financial asset is classified and subsequently measured at either

(a) Amortised cost
(b) Fair value through other comprehensive income (FVOCI) or
(c) Fair value through profit or loss (FVTPL)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Company may irrevocably designate an equity instrument as FVOCI unless it is held for trading. The election to designate an investment in an equity instrument at FVOCI is made on an instrument-by instrument basis.

Any financial asset that does not qualify for amortised cost measurement or measurement at FVOCI must be measured subsequent to initial recognition at FVTPL except if it is an investment in an equity instrument designated at FVOCI. The Company may irrevocably elect on initial recognition to designate a financial asset at FVTPL if the designation eliminates or significantly reduces an accounting mismatch that would have occurred if the financial asset had been measured at amortised cost or FVOCI.

Contractual cash flows are solely payments of principal and interest assessment
For the purpose of the solely payments of principal and interest 'SPPI' assessment, principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Business model assessment
The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Company considers the following information when making the business model assessment:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

(a) Amortised Cost
The Company has classified and measured cash and cash equivalents, cash placed as collateral with NTMA, Exchequer Notes and other assets at amortised cost less any expected credit loss allowance.

(b) Fair value through other comprehensive income
The Company's portfolio of Irish government bonds is classified and measured at FVOCI. Fair value is determined in the manner described in Note 2.23.

These bonds were acquired for liquidity purposes. They are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or changes in interest rates or exchange rates.

Changes in the fair value of financial assets at FVOCI are recognised in other comprehensive income within the other reserve. When a financial asset at FVOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. Financial assets at FVOCI must be assessed for impairment with any expected credit losses being recognised in the income statement. Interest is recognised using the effective interest method. The changes in the carrying amount of the government bonds due to the amortisation of premium on purchase are recognised in other comprehensive income.

(c) Fair value through profit or loss
The Company has classified and measured debtor loans at FVTPL on the basis that they are held to realise associated collateral value through on going disposal of loans, property and collateral and where collecting contractual cashflows is incidental. These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in the income statement. Fair value is determined in the manner described in Note 2.23.

Other financial instruments that are classified and measured at FVTPL include derivative and equity investments.

Derivatives
Interest income and expense arising on derivatives (other than on currency derivatives) are included in gains and losses on derivative financial instruments in the income statement. Fair value gains and losses on derivatives are included in gains and losses on derivative financial instruments in the income statement or as part of foreign exchange gains and losses where they relate to currency derivatives. Interest on currency derivatives is recognised as part of fair value gains and losses on currency derivatives.

Equity Instruments
An equity instrument is any contract that results in a residual interest in the assets of an entity after deducting all of its liabilities. An equity instrument has no contractual obligation to deliver cash or another financial asset.

Equity instruments are measured at FVTPL. The fair value of these equity instruments is measured based on valuation techniques which consider the value of the Company's claim to the underlying assets of the entity. Changes in fair value are recognised in the income statement as part of other income/(expenses). Equity instruments are separately disclosed in the statement of financial position.

2.7 Financial liabilities

The Company recognises financial liabilities in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are measured initially at fair value. The Company classifies and subsequently measures its financial liabilities at amortised cost with the exception of derivatives classed as FVTPL, with any difference between the proceeds net of transaction costs and the redemption value recognised in the income statement using the effective interest method. Where financial liabilities are classified as FVTPL, gains and losses arising from subsequent changes in fair value are recognised directly in the income statement. Further information on derivative liabilities is included in accounting policy 2.16.

2.8 De-recognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.9 Fair value gains/(losses) on debtor loans measured at fair value through profit or loss

Fair value gains/(losses) on debtor loans measured at FVTPL includes all gains and losses from changes in the fair value of debtor loans measured at FVTPL. The Company has elected to present the full fair value movement on this line, including the impact of net cash collections in the period.

2.10 Interest income and interest expense

Interest income and interest expense for all interest-bearing financial instruments other than debtor loans measured at FVTPL are recognised as interest income and interest expense in the income statement using the effective interest rate ('EIR') method.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of a financial asset or the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset except for impaired financial assets or to the amortised cost of the financial liability. For financial assets that have become impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

2.11 Fee income

Fee income is income associated with debtor connections that is not considered as a reduction in the debt obligations of the debtor. Fee income is recognised in the income statement.

2.12 Profit / (loss) on the disposal and refinancing of loans

Profits and losses on the disposal and refinancing of loans are calculated as the difference between the carrying value of the loans and the contractual sales price at the date of sale, less related loan sale costs. The contractual sales price includes any deferred consideration where NAMA has the contractual right to receive any deferred cash flow. Profits and losses on the disposal and refinancing of loans are recognised in the income statement when the transaction occurs. In a small number of instances, when an individual loan account is sold, the profit/loss on disposal is only recognised when

the entire connection/loan pack related to that account is sold.

2.13 Impairment of financial assets

The Company assesses, on a regular basis, the impairment of financial assets measured at amortised cost and at FVOCI on an expected credit loss (ECL) basis. The measurement of ECL is based on a three-stage approach:

- Stage 1: where financial instruments have not had a significant increase in credit risk since initial recognition, a provision for 12-month ECL is recognised, being the ECL that results from default events that are possible within 12 months of the reporting date;
- Stage 2: where financial instruments have had a significant increase in credit risk since initial recognition but does not have objective evidence of impairment, a lifetime ECL is recognised, being the ECL that results from all possible default events possible over the lifetime of the financial asset;
- Stage 3: where financial assets show objective evidence of impairment, a lifetime ECL is recognised.

There are a variety of approaches that could be used to assess whether the credit risk on a financial instrument has increased significantly since initial recognition. In some cases, detailed quantitative information about the probability of default of a financial instrument or formal credit rating will be available which is used to compare changes in credit risk. The Company monitors financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition on a regular basis.

The measurement of the loss allowance is based on the present value of the applicable financial assets expected cash flows using the financial asset's effective interest rate.

The general approach for recognising and measuring a loss allowance is the same for financial instruments measured at amortised cost and those instruments that are measured at FVOCI. However, unlike amortised cost, the loss allowance on instruments at FVOCI is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

2.14 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognised in the income statement if the carrying amount exceeds its recoverable amount.

2.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents include Short-term Exchequer Notes held through the NTMA where time to maturity on the date of acquisition is three months or less.

2.16 Derivative financial instruments

Derivatives, such as cross-currency swaps and foreign exchange swaps are used for hedging purposes as part of the Company's risk management strategy. The Company does not enter into derivatives for proprietary trading purposes.
The Company's policy is to hedge its foreign currency exposure through the use of currency derivatives.

All derivatives are accounted for at fair value through profit or loss.
Derivatives at fair value through profit or loss are initially recognised at fair value on the date on which

a derivative contract is entered into or acquired and are subsequently re-measured at fair value.

The fair value of derivatives is determined using a mark to market valuation technique based on independent valuations obtained using observable market inputs such as yield curves, par interest and foreign exchange rates.

The assumptions involved in these valuation techniques include the likelihood and expected timing of future cash flows of the instrument. These cash flows are generally governed by the terms of the instrument, although management judgement is required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt.

Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Gains and losses on currency swaps are recognised in the income statement as part of foreign exchange gains and losses.

2.17 Inventories - trading properties

Trading properties include property assets which are held for resale in accordance with IAS 2 *Inventories*. They are recognised initially on the statement of financial position at the point at which the purchase contract has been signed with the vendor. Subsequent to initial recognition, trading properties are stated at the lower of cost and net realisable value. Costs are determined on the basis of specific identification of individual costs relating to each asset. Net realisable value ('NRV') represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale. Revisions to the carrying value of trading properties are recognised in the income statement.

Profits and losses on the disposal of trading properties are recognised in the income statement when the transaction occurs.

2.18 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

(a) Current income tax

Current income tax is the expected tax payable on the taxable income for the financial year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Current income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise.

The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised when it is probable that future taxable profit will be

available against which these temporary differences can be utilised.

Deferred income tax related to FVOCI reserves is recognised in other comprehensive income and subsequently in the income statement together with the deferred gain or loss.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Provisions, contingent assets and liabilities

Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Contingent liabilities

Contingent liabilities are not recognised by the Company but are disclosed unless the probability of their occurrence is remote.

Contingent assets

Contingent assets are not recognised by the Company but are disclosed where an inflow of economic benefits is probable. If the realisation of income becomes virtually certain then the related asset is recognised.

Contingent assets and liabilities are assessed continually to ensure that they are appropriately reflected in the financial statements.

2.20 Share capital

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the year in which they are approved by the Company's shareholders.

2.21 Cash placed as collateral with the NTMA

The Company is required to post cash collateral with the NTMA under a collateral posting agreement (CPA) agreed between the NTMA and NAMA. The NTMA is the counterparty to all the Company's derivatives. The NTMA require cash to be placed with it as collateral to reduce the exposure it has to the Company with regard to its derivative positions. The amount of collateral required depends on an assessment of the credit risk by the NTMA.

Cash placed as collateral is recognised in the statement of financial position. Any interest payable or receivable arising on the amount placed as collateral is recorded in interest expense or interest income respectively.

2.22 Exchequer Notes

Exchequer Notes are liquid interest bearing notes held through the NTMA where time to maturity on date of acquisition is greater than three months. Exchequer Notes are recognised in the statement of financial position. Any interest payable or receivable on Exchequer Notes is recorded in interest expense or interest income respectively.

2.23 Determination of fair value

The Company measures fair values in accordance with IFRS 13 which defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most

advantageous market to which the Company has access at that date, regardless of whether that price is directly observable or estimated using another valuation technique.
Financial instruments are initially recognised at fair value and, with the exception of financial assets at fair value through profit or loss, the initial carrying amount is adjusted for direct and incremental transaction costs. In the normal course of business, the fair value on initial recognition is the transaction price (fair value of consideration given or received).

Subsequent to initial recognition, fair values are determined using valuation techniques. These valuation techniques seek to maximise the use of publicly available relevant observable inputs and minimise the use of unobservable inputs. The valuation techniques used incorporate the factors that management believe market participants would take into account in pricing a transaction. Valuation techniques may include the use of recent orderly transactions between market participants, reference to other similar instruments, option pricing models, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Valuation techniques
In the case of debtor loans measured at FVTPL, the fair value of these instruments is determined with input from management and using internally generated valuation models based on selected comparable market data points. The majority of the significant inputs into these models are not readily observable in the market and the inputs are therefore derived from market prices for similar assets or estimated based on certain assumptions. The determination of key inputs used such as the expected future cash flows on the financial asset, stratification of portfolio and the appropriate discount rates applicable require management judgement and estimation.

The valuation methodology for debtor loans measured at FVTPL is to estimate the expected cash flows to be generated by the financial asset and then discount these values back to a present value. The assumptions involved in these valuation techniques include:

- determining suitable stratifications for the portfolio to segment assets with similar risk characteristics;
- the likelihood and expected timing of future cash flows; and
- selecting an appropriate discount rate for the financial asset or group of financial assets, based on management's assessment of the characteristics of the collateral/cashflow and relevant market information.

In the case of over-the-counter derivatives, fair value is calculated using valuation techniques. Fair value may be estimated using quoted market prices for similar instruments, adjusted for differences between the quoted instrument and the instrument being valued. Where the fair value is calculated using discounted cash flow analysis, the methodology is to use, to the extent possible, market data that is either directly observable or is implied from instrument prices, such as interest rate yield curves, equities and commodities prices, credit spreads, option volatilities and currency rates.

The valuation methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The assumptions involved in these valuation techniques include:

- the likelihood and expected timing of future cash flows of the instrument. These cash flows are generally governed by the terms of the instrument, although management judgement may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. In addition, future cash flows may also be sensitive to the occurrence of future events, including changes in market rates; and
- selecting an appropriate discount rate for the instrument, based on the interest rate yield curves including the determination of an appropriate spread for the instrument over the risk-free rate. The spread is adjusted to take into account the specific credit risk profile of the exposure.

Adjustments to the calculation of the present value of future cash flows are based on factors that management believe market participants would take into account in pricing the financial instrument.
Certain other financial instruments (both assets and liabilities) may be valued on the basis of valuation techniques that feature one or more significant inputs that are not observable in the market. When applying a valuation technique with unobservable data, estimates are made to reflect uncertainties in fair values resulting from a lack of market data. For these instruments, the fair value measurement is less reliable. Valuations based on non-observable data are inherently uncertain because there is little

or no current market data available from which to determine the price at which an orderly transaction between market participants would occur under current market conditions.

The calculation of fair value for any financial instrument may require adjustment of the valuation technique output to reflect the cost of credit risk, if market participants would include one, where these are not embedded in underlying valuation techniques.

2.24 Administration expenses

Administration expenses are recognised on an accruals basis.

2.25 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If this arises, the Company recognises a right of use asset and a lease liability at the lease commencement date.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease. The right of use asset is assessed for impairment if there are indicators of impairment. If it is assessed that the right of use asset is impaired the carrying value is reduced. The right of use asset is adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest rate method. Lease interest expense is recognised on the lease liability. The lease liability is remeasured when there is a change in future lease payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As management judgement involves an estimate of the likelihood of future events, actual results could differ from those estimates, which could affect the future reported amounts of assets and liabilities.

Management believes that the underlying assumptions used are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described as follows:

3.1 Fair value assessment of debtor loans at fair value through profit or loss

The fair value of debtor loans at fair value through profit or loss ('FVTPL') is assessed at the end of each reporting period. Key inputs to the assessment of fair value include cash flow forecasts, discount rates, timing assumptions and management judgement. The projection of cash flows involves the exercise of considerable judgement and estimation by management involving assumptions in respect of factors such as local economic conditions, the performance of the debtor, the value of the underlying property collateral and the latest agreed strategy for that debtor.
The actual cash flows, and their timing, may differ from the projected cash flows for the purpose of estimating fair value for each debtor connection. Cash flow projections are generally based on the most recently agreed strategy for each debtor which is subject to change.

The assumptions used for projecting both the amount and timing of future cash flows for individual debtors, stratification of the collateral asset portfolio and appropriate discount rates for utilisation in discounted cash flow calculations are reviewed periodically by management. NAMA may apply management judgement to computed fair values or the inputs to the fair value computation where it believes this more accurately reflects the fair value of the asset. There continues to be significant market uncertainty related to Covid-19 and associated economic impact. At the reporting date, the Company had considered the impact of Covid-19 and related national pandemic control measures during 2020 on inputs to the fair value calculation including the impact on discount factors and the timing and value of forecast cash flows from collateral assets.

For the purpose of recognition, debtor loans measured at FVTPL are grouped together on a connection level. A connection is a number of loans which have been grouped together which have been issued to the same borrower or group of economically connected borrowers.

Fair value is estimated for each connection by calculating the present value of the cash flow forecast to be generated by each connection. The cash flows represent NAMA's best estimate of expected future cash flows for each connection and include the disposal of property collateral and other non-disposal related cash flows (such as rental income).

The Company's policy on fair value measurement of financial assets is set out in accounting policy 2.6.

The significant estimates in relation to the fair value of the Company's debtor loans include the timing, discount factors and value of the realisation of asset values as well as related outflows. The carrying value of the debtor loans measured at FVTPL as at 31 December 2020 is €830m (2019: €1,206m) with the change in fair value during the year being €146m (2019: €232m).

The following table shows an estimate of the impact of changes in collateral values on fair value of debtor loans.

	+/-1%	**+/-3%**	**+/-5%**
Sector	**€m**	**€m**	**€m**
Land and Development	+ / - 6	+ / - 17	+ / - 28
Investment Property[1]	+ / - 3	+ / - 9	+ / - 15
Total	**+ / - 9**	**+ / - 26**	**+ / - 43**

The following table shows an estimate of the impact of changes in discount factors on fair value of debtor loans.

	-5%	**-3%**	**-1%**	**+1%**	**+3%**	**+5%**
Sector	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
Land and Development	44	26	8	(8)	(24)	(39)
Investment Property[1]	20	12	4	(4)	(11)	(18)
Total	**64**	**38**	**12**	**(12)**	**(35)**	**(57)**

The following table shows an estimate of the impact of changes in timing of cash flows on fair value of debtor loans.

	+6 months	***+3 months***	***- 3 months***
Sector	**€m**	**€m**	**€m**
Land and Development	(26)	(13)	13
Investment Property[1]	(15)	(7)	8
Total	**(41)**	**(20)**	**21**

[1] Investment property relates to Deleveraging Residential, Deleveraging Commercial and Deleveraging NRE

3.2 Other management judgement and estimates

In the preparation of the financial statements, management has made judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year-end date. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

The most significant judgements made by the Company, other than those relating to the fair value of debtor loans, in the preparation of the financial statements are:
- inventories - trading properties, and
- investments in equity instruments.

Inventories - trading properties

(a) Judgements made
Inventories - trading properties are accounted for under IAS 2 *Inventories*, as opposed to IAS 40 *Investment Property*. Trading properties are property assets which are held for resale. They are recognised initially on the statement of financial position at the point at which the purchase contract has been signed with the vendor, in line with accounting policy 2.17. Subsequent to initial recognition, trading properties are stated at the lower of cost and net realisable value. Cost is determined on the basis of specific identification of individual costs relating to each asset.

(b) Estimates used
Net realisable value represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale. Revisions to the carrying value of trading properties are recognised in the income statement. The assessment of the net realisable valuation of trading properties is an estimate based on the percentage of completion of property/properties that are in the course of development or based on the assessment of market information for completed trading properties. This assessment, being an accounting estimate, is subject to uncertainty.

Investments in equity instruments

In determining the appropriate accounting treatment of investments in equity instruments, the existence of significant influence is considered on a case-by-case basis, using the following indicators:
- representation on the board of directors or equivalent governing body;
- participation in the policy-making process;
- material transactions between the two parties;
- interchange of managerial personnel;
- provision of essential technical information; and
- potential voting rights.

At the reporting date, there were no investments in equity instruments in which control or significant influence by the Company existed.

4. Net gains on debtor loans/intergroup loans measured at FVTPL

	Note	2020 €'000	2019 €'000
Fair value movement on debtor loans measured at FVTPL	19	146,491	231,736

The Company assesses the classification and measurement of each financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing that asset. Changes in fair value are recognised in the income statement in accordance with accounting policy 2.9. See Note 19 for further details on debtor loans measured at FVTPL held by the Company at the reporting date.

	2020 €'000	2019 €'000
Net gains on intergroup loans measured at FVTPL	40,509	123,483

The Company assesses the classification and measurement of each financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing that asset. Changes in fair value are recognised in the income statement in accordance with accounting policy 2.9. See Note 27 for further details on intergroup loans measured at FVTPL held by the Company at the reporting date.

5. Interest income

	2020 €'000	2019 €'000
Interest on cash and cash equivalents	4	18
Interest on intergroup loans	14,106	8,646
Total interest income	**14,110**	**8,664**

Interest on cash and cash equivalents comprises interest earned on cash held during the financial year.

The Company earned interest by way of intergroup loans of €14.1m in 2020 (2019: €8.6m).

6. Other (expenses) / income

	2020 €'000	2019 €'000
Distributions from equity instruments (a)	788	5,874
Fair value (loss) / gain on equity instruments (b)	(535)	1,510
Other expenses (c)	(1,747)	(8,425)
Other income (d)	-	2,266
Revaluation of trading properties (e)	9	(51)
Total other (expenses) / income	**(1,485)**	**1,174**

(a) The Company received dividends totaling €0.8m (2019: €5.9m) on its investments during the reporting period.

(b) The fair value of the Company's equity instruments is based on valuation techniques which consider the value of the Company's claim to the underlying assets of the entity. Changes in fair value are recognised in the income statement in accordance with accounting policy 2.6. See Note 29 for further details on equity instruments held by the Company at the reporting date.

(c) Other expenses include €1.1m (2019: €3.8m) for the discharge of receivership property liabilities, €0.8m (2019: €Nil) for a provision for expected costs associated with the calculation of interest on certain debtor loans and €0.3m (2019: €4.6m) for contracted fees in the financial year following the reaching of a designated rate of return on equity investments offset by a release of €0.5m accrued in 2019 which subsequently was not payable.

(d) In 2019, NAMA reached an agreement with the IBRC special liquidator for a dividend in respect of unsecured claims of €2.3m.

(e) In accordance with accounting policy 2.17, trading properties are measured at the lower of cost and net realisable value. At the reporting date, the Company recognised a revaluation gain of €9k (2019: €51k loss) on these assets. See Note 20 for further details on trading property assets.

7. Fee income

	2020 €'000	2019 €'000
Fee income from debtor loans	8,606	249

Fee income from debtor loans is income associated with debtor connections that is not considered as a reduction in the debt obligations of the debtor. Fee income can include arrangement fees,

restructuring fees, exit fees, performance fees and transaction fees from loan sales/refinances. The level of fee income is based on the nature of transactions during the year.

8. Net profit on disposal and refinancing of loans and property

	2020 €'000	2019 €'000
Gross proceeds from disposal of property assets	70	1,060
Related cost of property assets sold	(70)	(1,160)
Net loss on disposal of property	**-**	**(100)**
Net profit on disposal and refinancing of loans	**86,840**	**5,244**
Total net profit on disposal and refinancing of loans and property	**86,840**	**5,144**

Profit or loss on disposal of properties is measured as the difference between proceeds of sale received and the carrying value of those property assets less related selling expenses. In 2019, the Company realised a net loss of €0.1m on the disposal of trading property assets.

During the financial year, the Company disposed of debtor loans to third parties and some other loans were refinanced. Profit or loss on disposal and refinancing of loans is measured as the difference between the proceeds received, including any deferred consideration, less related selling expenses and the net carrying value of loans. The Company realised a net profit of €86.8m (2019: €5.2m) on the disposal and refinancing of loans in the financial year. The Company earned gross profit of €86.9m (see Note 19) (2019: €5.4m), which when combined with disposal costs of €0.02m (2019: €0.1m), resulted in the net profit on disposal of loans of €86.8m (2019: €5.2m).

9. Losses on derivative financial instruments

	2020 €'000	2019 €'000
Losses on derivatives acquired from borrowers	-	(367)
Losses on other derivatives	-	(1,543)
Interest on acquired derivative financial instruments	-	1,662
Interest expense on other derivative financial instruments	-	(485)
Total losses on derivative financial instruments	**-**	**(733)**

The losses on derivative financial instruments include the fair value movements on these instruments and any expenses payable. Fair value movements on derivatives were driven by market movements that occurred during the relevant financial year. The fair value of derivatives is impacted by changes in Euribor rates and borrower derivative performance levels. There were no derivatives acquired from borrowers or other derivatives held at 31 December 2019 or at any time during 2020. Further information on derivative financial instruments is provided in Note 18.

Interest income on acquired derivative financial instruments of €1.7m recognised in 2019 relates to interest receivable on derivatives acquired from Participating Institutions.

Interest expense on other derivative financial instruments of €0.5m recognised in 2019 relates to interest payable on derivatives entered into to hedge the Company's exposure to interest rate risk.

10. Interest and similar expense

	2020 €'000	2019 €'000
Interest on intergroup loan from NAMGS	50,259	50,123
Interest on government bonds	71	302
Negative interest expense on cash and cash equivalents	7,231	12,054
Negative interest on loan to NAMA	181	154
Lease interest expense	67	138
Total interest and similar expense	**57,809**	**62,771**

Interest on government bonds comprises interest on short term government bonds held for liquidity purposes, recognised using the EIR method. The nominal value of government bonds at the reporting date was €Nil (2019: €325m).

During 2020, the Company incurred interest expense of €7m (2019: €12m) on cash and cash equivalents due to negative interest rates.

The negative interest expense of €181k (2019: €154k) on the intergroup loan is due to negative interest rates on the intergroup loan to NAMA.

The Company has recognised a lease interest expense on the lease liabilities of €67k (2019: €138k).

11. Administration expenses

	Note	2020 €'000	2019 €'000
Costs reimbursable to NAMA	11.1	31,996	38,809
Primary servicer fees	11.2	6,942	7,022
Portfolio management fees	11.3	2,785	1,970
Legal fees	11.4	8,259	5,305
Master servicer fees	11.5	1,475	1,525
Finance, communication and technology costs	11.6	4,954	5,407
Rent and occupancy costs	11.7	4,175	6,035
Internal audit fees	11.8	614	667
External audit remuneration	11.9	806	806
Total administration expenses		**62,006**	**67,546**

11.1 Costs reimbursable to NAMA

Under Section 42 (4) of the Act, NAMA is required to reimburse the NTMA for the costs incurred by the NTMA in consequence of it assigning staff and providing services to NAMA. NAMA then recharge these costs to the Company. The costs included above may differ to the amounts disclosed in the NTMA financial statements due to the timing of the preparation of both sets of financial statements.

Costs comprise staff costs of €24.6m (2019: €28.9m) and overheads and shared service costs of €7.4m (2019: €9.9m).

The following table sets out the costs reimbursed to NAMA the Agency:

	2020 €'000	2019 €'000
Costs reimbursable by the Company		
Costs reimbursable to NAMA	31,996	38,809
Rent and occupancy costs	1	2,019
Total costs reimbursable by the Company	**31,997**	**40,828**

Staff costs

The Company has no employees. All personnel are employed by the NTMA and the remuneration cost of staff who are engaged full time in the NAMA business are recharged to NAMA by the NTMA. NAMA then recharge the Company. The total remuneration cost including pension costs for the reporting period was €24.6m (2019: €28.9m). The following remuneration disclosures are required under The Code of Practice for the Governance of State Bodies (2016).

Aggregate Employee Benefits	2020 €m	2019 €m
Basic Pay	18.0	20.5
Performance related pay	-	0.5
Allowances	0.1	0.1
Staff short-term benefits	**18.1**	**21.1**
Termination benefits	2.0	2.8
Pay related social insurance	1.9	2.1
Pension contributions	2.6	2.9
Total aggregate employee benefits	**24.6**	**28.9**

The number of employees of the NTMA directly engaged in NAMA ('NAMA Officers') at the reporting date was 174 (2019: 211). 20 employees will leave NAMA as part of the Voluntary Redundancy Scheme ('VRS') (2019: 32).

No performance related payments were made for 2020. The 2019 performance related payments of €0.5m were made to 56 staff members and relate to the period from 1 January 2019 to 31 December 2019.

Costs of €2.0m (2019: €2.8m) relating to termination benefits (including VRS and garden leave) have been recognised in 2020, of which €1.0m (2019: €1.4m) is attributable to statutory and other redundancy payments, €0.4m (2019: €0.6m) relates to the 'retention scheme'[2], and €0.6m (2019: €0.8m) is for garden leave. Garden leave does not represent an incremental cost for NAMA but instead forms part of the overall NAMA salary cost that would have been incurred regardless of the decision to place the relevant staff on garden leave. Under the VRS, 20 staff were entitled to garden leave of three months (2019: 32). In addition to those accepted for the VRS, 1 staff member (2019: 2) was placed on garden leave during 2020. The period of garden leave for the 1 staff member was three months (2019: average period one month). The decision on whether to place staff members on garden leave is made on a case-by-case basis and includes consideration, inter alia, of the person's role within NAMA and the person's new employer. Further redundancies will take place on a phased basis each year over the remaining life of NAMA.

NAMA Officers are members of the NTMA Staff Pension Scheme and the NTMA contributes to the scheme on behalf of these employees. The cost of these pension contributions is recharged to NAMA. The cost of the pension contributions made by the Company is disclosed in Note 34.

Staff costs include the NAMA Chief Executive Officer's salary as detailed below:

Brendan McDonagh (Chief Executive Officer)	2020 €	2019 €
Salary	430,000	426,675
Taxable benefits	19,246	19,982
	449,246	**446,657**

The remuneration of the Chief Executive Officer consists of basic salary, taxable benefits and a discretionary performance related payment of up to 60 per cent of annual salary. Taxable benefits include benefits/allowances earned in the reporting period, and can include health insurance,

[2] The retention scheme only applies in circumstances where staff members are made redundant, have met all required standards and have remained with NAMA for the period required to fulfil the Agency's statutory mandate.

company car and professional subscriptions. The Chief Executive Officer was entitled to be considered to be awarded performance payments for 2019 and 2020, but in view of the economic challenges facing the country, waived his entitlement to be considered for these payments.

The pay reductions provided for in the Financial Emergency Measures in the Public Interest (FEMPI) Act 2013, which came into effect from 1 July 2013, apply to NAMA officers. The FEMPI Act 2015 allowed for restoration of those pay reductions for all those affected by the 2013 legislation. In April 2017, the first restoration under the FEMPI Act 2015 was implemented, resulting in a one third restoration of the 2013 reduction to the Chief Executive Officer's salary. In April 2018 the second restoration was implemented. In April 2019, the final phase of the restoration was implemented.

The Chief Executive Officer's pension entitlements do not extend beyond the standard terms of the model public sector superannuation scheme. The remuneration of the Chief Executive Officer is determined by the NTMA CEO after consultation with the NAMA Board, who in giving advice on remuneration, are informed by the views of the NAMA Remuneration Committee, having regard to the obligations of the Board to implement Government policy in relation to such remuneration.

Key management personnel

Key management personnel is defined under the Code of Practice for the Governance of State Bodies 2016 (the 'Code'), as management who report directly to the Chief Executive Officer. The Chief Executive Officer had 5 (2019: 6) direct management personnel reports during 2020 and the total compensation paid to them in 2020 was €1.0m (2019: €1.1m).

Total employee benefits

Total employee benefits, within pay bands of €25,000 from €50,000 upwards is set out in the table below as at 31 December 2020 and 2019.

Pay band	No. of employees 2020	No. of employees 2019
up to €50,000	21	40
€50,001 - €75,000	25	31
€75,001 - €100,000	44	53
€100,001 - €125,000	44	36
€125,001 - €150,000	28	31
€150,001 - €175,000	5	11
€175,001 - €200,000	4	4
€200,001 - €225,000	1	2
€225,001 - €250,000	-	2
€250,001 - €275,000	1	-
€275,001 - €300,000	-	-
€300,001 - €325,000	-	-
€325,001 - €350,000	-	-
€350,001 - €375,000	-	-
€375,001 - €400,000	-	-
€400,001 - €425,000	-	-
€425,001 - €450,000	1	1
Total	**174**	**211**

Total remuneration includes base salary and any other taxable benefits paid to employees. It does not include employer pension contributions. The Additional Superannuation Contribution (ASC) is applied to NTMA employees.

Hospitality expenditure

As required to be disclosed under the Code, hospitality expenditure incurred during the year is set out below:

	2020 €	2019 €
Staff Wellbeing	4,895	13,710
Sports and Social Contributions	278	13,236
Staff events	1,895	9,035
	7,068	**35,981**

In 2020, the majority of the staff wellbeing costs related to classes and lectures. In 2019, the majority of the staff wellbeing cost comprised the cost of staff health screenings €8k, flu vaccines €1k and lunchtime classes and lectures. These are organised by the NTMA as employer and NAMA officers are eligible to receive these benefits.

The NTMA has established a Sports and Social Committee for all staff, who can join on a voluntary basis and pay membership fees. NAMA has agreed to contribute to the costs of the activities organised by the Committee where NAMA staff benefit from the activities. NAMA incurred €0.3k in 2020 (2019: €13.2k) in relation to sports and social activities organised by the Committee.

Staff event costs include NAMA's share of staff events organised by the NTMA which NAMA officers are invited to attend.

Travel costs

The total travel costs incurred during 2020 was €13.3k (2019: €39k), of which €0.2k (2019: €18k) related to international travel and €13.1k (2019: €21k) related to domestic travel.

11.2 Primary Servicer fees

Primary Servicer fees comprise fees paid to AIB and BCM Global (formerly Link Asset Services) who administer the loans that originated within each Participating Institution as well as the management of charged current accounts and mortgage accounts. The Primary Servicer fees are based on the relevant service agreement with the service provider BCM Global (formerly Link Asset Services) and cost recovery up to a maximum of 10 basis points of the par debt loan balances administered (for AIB).

The amounts payable to related parties (Participating Institutions) for Primary Servicer fees are set out in Note 34 Related party disclosures. Total Primary servicer fees were €7m during the financial year (2019: €7m).

11.3 Portfolio management fees

Portfolio management fees relate to fees incurred in the on-going management and support of debtors. Costs include property valuation, asset search and asset registry fees, and insurance costs.

11.4 Legal fees

Legal fees comprise fees paid to professional service firms with respect to legal advice in the on-going management and support of debtors. The increase in legal fees is driven by increased legal activity. Included in the legal fees of €8.3m (2019: €5.3m) are total settlement costs of €395k (2019: €147k).

11.5 Master servicer fees

Master Servicer fees comprise fees paid to the master servicer, BCM Global (formerly Link Asset Services). BCM Global provides loan administration and data management services to the Company. Master servicer fees were €1.5m in the financial year (2019: €1.5m).

11.6 Finance, communication and technology costs

Finance, communication and technology costs comprise costs incurred during the year in relation to IT, tax advice and other administration costs.

11.7 Rent and occupancy costs

Rent and occupancy costs comprise costs incurred during the financial year in relation to the premises occupied by the Company.

NAMA had leased the third floor of Treasury Building from 2010 for a period of ten years, the first floor from 2014 for a period of 15 years and the first floor annexe for a period of 12 years and 4 months from 2013. NAMA moved premises in 2019. In February 2020, NAMA agreed and executed terms for the surrender of its leases and other interests in Treasury Building to Google Ireland. This surrender resulted in a reduction in the value of economic outflows from NAMA relative to the contractual position prior to the surrender.

Rent and occupancy costs include a recharge of a depreciation charge on the right of use asset for the Treasury Building space of €Nil in 2020 (2019: €1.4m). In 2019, the recharge also included a reversal of a dilapidation related provision of €1.3m with regard to Treasury Buildings.

Included in the 2019 rent and occupancy costs is an amount of €0.8m reimbursed to NAMA by the NTMA for the occupation for the first floor and first floor annexe in Treasury Building. The NTMA moved premises in 2019 and vacated this space.

With regard to Treasury Dock the Company has a lease with the NTMA. The agreement is effective from May 2018 for a lease term of 4 years. The charge includes a deprecation charge on the right of use assets of €2.8m (2019: €2.8m) and shared facilities costs of €1m (2019: €1m).

Further information on leases is included in Note 27 Other assets, Note 28 Other liabilities and Note 30 Commitments and contingent liabilities.

The remaining balance relates to occupancy costs.

11.8 Internal audit fees

The Company has engaged the services of an external professional services firm to perform the role of Internal Auditor for the Company. Fees incurred relate to the audit of business processes by the Internal Auditor and the reporting on the results of internal audits performed.

11.9 External audit remuneration

	2020 €'000	2019 €'000
Audit of NAMA Group and subsidiaries by the OC&AG	450	450
Audit of NAMAI Company and subsidiaries[3] by the Statutory Auditor	356	356
Total external audit remuneration	**806**	**806**

The Comptroller and Auditor General (as external auditor) does not provide other assurance, tax advisory or other non-audit services to NAMA.

The Comptroller and Auditor General is the auditor of the NAMA Group in accordance with Section 57 of the NAMA Act.

Pursuant to the requirements of the Irish Companies Act 2014, NAMA is required to separately appoint a statutory auditor in respect of companies within the NAMA Group which are deemed to be trading for gain. As NAMAI and its subsidiaries operate to return dividends to its shareholder it is deemed to be trading for gain. As such, Mazars, Chartered Accountants and Statutory Audit Firm, were appointed as statutory auditors of NAMAI Group's subsidiaries in June 2017. The agreed audit fee was €290k (excluding VAT) for 2020 and 2019. On exit of NAMA's private investors in 2020, NAMAI is not

[3] The audit fee of the three Pembroke entities (PV, PB and PWH) are incurred directly by these companies.

required to prepare consolidated financial statements

During the year Mazars provided insolvency services whereby they were appointed by NAMA to act on behalf of NAMA debtors with a duty of care to NAMA as prescribed in law. Fees incurred during the year of €0.2m (2019: €0.6m) are ultimately borne by the respective debtors of NAMA and do not represent an operational expense of NAMA, and accordingly are not reflected in the income statement of the Company.

11.10 Consultancy fees

Consultancy costs, as defined in the Code, include the cost of external advice to the business and exclude outsourced 'business-as-usual' functions. Included in the relevant headings in administration expenses are the following consultancy costs paid during the year:

	2020 €'000	2019 €'000
Legal fees	1,659	794
Finance, communication and technology costs	15	92
Total consultancy fees	**1,674**	**886**

Included within the NAMA recharge to the Company is a cost of €0.1m (2019: €0.5m) for consulting fees incurred by the NTMA and recharged to NAMA.

12. Foreign exchange losses

	Note	2020 €'000	2019 €'000
Foreign exchange (losses) / gains on debtor loans at FVTPL (a)	19	(715)	1,067
Unrealised foreign exchange gains on derivative financial instruments (b)		20	622
Realised foreign exchange gains / (losses) on currency derivative financial instruments (b)		736	(2,853)
Foreign exchange (losses) / gains on cash (c)		(119)	257
Other foreign exchange (losses) / gains		(159)	46
Total foreign exchange losses		**(237)**	**(861)**

(a) Foreign exchange translation gains and losses on debtor loans arise on the revaluation of foreign currency denominated loans. Foreign currency translation amounts are recognised in accordance with accounting policy 2.5.

(b) Gains and losses on foreign currency derivatives arise from market movements that affect the value of the derivatives. Following the acquisition of assets from Participating Institutions, the Company entered into currency derivatives to reduce its exposure to exchange rate fluctuations arising on foreign currency denominated debtor loans acquired. The gain or loss on derivative financial instruments comprises realised and unrealised gains and losses. Realised and unrealised gains are recognised in accordance with accounting policy 2.16. Currency derivatives are explained in more detail in Note 18.

(c) Foreign exchange gains on cash arise as a result of the fluctuation in foreign exchange rates on the various non-euro cash balances.

13. Impairment charge on intergroup receivables

	Note	2020 €'000	2019 €'000
Impairment charge on intergroup loan	27	**(14)**	**(755)**

During 2020 an impairment charge of €14k (2019: €755k) was booked against the intergroup receivables from NASLLC, see Note 27 for further details.

14. Tax charge

Current tax	**Note**	**2020 €'000**	**2019 €'000**
Irish corporation tax		(26,289)	(33,838)
Deferred tax			
On fair value gains on equity investments and other adjustments		226	673
On IFRS transitional adjustments	26	4,237	4,238
Total deferred tax recognised in income statement		**4,463**	**4,911**
Total tax charge		**(21,826)**	**(28,927)**

The reconciliation of tax on profit at the relevant Irish corporation rate to the Company's actual tax charge for the financial year is as follows:

Reconciliation of tax on profits	**2020 €'000**	**2019 €'000**
Profit before tax	175,005	237,784
Tax calculated at a tax rate of 12.5% (2019: 12.5%)	21,876	29,723
Effect of:		
Deductible derivative movements	-	(197)
Movement in deferred tax liability	(4,463)	(4,911)
Non deductible expenditure	788	963
Prior year adjustments	(301)	(137)
Credit for withholding tax suffered at source	(263)	(1,958)
Transitional adjustments	4,189	4,189
Income taxed at higher rate	-	1,255
Taxation charge	**21,826**	**28,927**

The current Irish corporation tax rate applicable to the Company's income is 12.5%.

The Company has no income tax-related contingent liabilities and contingent assets in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. No significant effects arise from changes in tax rates or tax laws after the reporting period.

15. Income tax relating to components of other comprehensive income

	Note	2020 €'000	2019 €'000
Movement in financial assets measured at FVOCI reserve before tax	32	(1,206)	(1,422)
Deferred tax credit	26	685	18
Total income tax relating to components of other comprehensive income		**685**	**18**

The movement in the reserves represents a temporary difference between the tax base of the financial assets and their fair value.

16. Cash and cash equivalents, collateral and Exchequer Notes

	2020 €'000	2019 €'000
Balances with the Central Bank of Ireland	360,048	3,458,451
Balances with other banks	26,281	13,924
Total cash and cash equivalents	**386,329**	**3,472,375**
Cash placed as collateral with the NTMA	**3,000**	**25,000**
Exchequer Notes	**875,000**	**-**
Total cash, cash equivalents, collateral and Exchequer Notes	**1,264,329**	**3,497,375**

Balances with other banks comprise balances held with Citibank, AIB and BCP.

NALM is required to post cash collateral with the NTMA under a collateral posting agreement (CPA) (as amended) entered into in 2012. The NTMA is the counterparty to all the Company derivatives (other than those acquired from borrowers). The NTMA require cash to be placed with it as collateral to reduce the exposure it has to NAMA Group with regard to its derivative positions. At 31 December 2020, the Company's derivative liability exposure was €26k (2019: €Nil) as set out in Note 18. During 2020, the amount of collateral held by the NTMA decreased driven by the reduction in the level of derivatives held by the Company with the NTMA.

Exchequer Notes are interest bearing notes held with the NTMA with maturities on the date of acquisition ranging from five to eleven months.

No expected credit loss has been recognised on cash and cash equivalents, collateral and Exchequer Notes.

17. Government bonds

	2020 €'000	2019 €'000
Short term treasury bonds	-	342,052

Government bonds comprised Irish government treasury bonds acquired for liquidity management. The nominal value of government bonds at 31 December 2020 was €Nil (2019: €325m). The government bonds held by the Company at 31 December 2019 all matured during 2020.

The movement on the government bonds is analysed as follows:

	Note	2020 €'000	2019 €'000
At beginning of year		342,052	470,746
Maturity of government bonds		(325,000)	(105,000)
Amortisation of premium on purchase		(15,846)	(22,272)
Net changes in fair value	32	(1,206)	(1,422)
Total government bonds		**-**	**342,052**

No expected credit loss was recognised on government bonds.

18. Derivative financial instruments

The Company enters into derivative contracts to hedge its exposure to foreign exchange risk.

The Company has established policies to manage the risks that arise in connection with derivatives, including hedging policies, which are explained in Notes 21, 22 and 23.

The notional amounts of certain types of financial instruments do not necessarily represent the amounts of future cash flows involved or the current fair value of the instruments and, therefore, are not a good indication of the Company's exposure to credit or market risks. Derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates relative to their contracted terms. The fair value of derivative financial assets and liabilities can fluctuate significantly over time.

Currency swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies. The Company's credit risk represents the potential cost of replacing the swap contract if a counterparty fails to fulfil its obligations under the contract. This risk is monitored on an on-going basis with reference to the current fair value.

The fair values, and notional amounts thereon, of derivative financial instruments held are set out in the following table:

	Notional amount	Fair values		
31 December 2020	**€'000**	**Assets €'000**	**Liabilities €'000**	**Net €'000**
Derivatives at fair value through profit or loss				
Foreign currency derivatives	4,631	254	(26)	228

	Notional amount	Fair values		
31 December 2019	**€'000**	**Assets €'000**	**Liabilities €'000**	**Net €'000**
Derivatives at fair value through profit or loss				
Foreign currency derivatives	18,430	208	-	208

Movement recognised in the income statement

The following table shows the net fair value position on derivatives at 31 December 2020 and 2019. The movement is recognised in the income statement.

		Fair values		Movement
31 December 2020	**Note**	**2020 €'000**	**2019 €'000**	**2020 €'000**
Derivatives at fair value through profit or loss				
Foreign currency derivatives	12	228	208	20

Derivative financial instruments at fair value through profit or loss

The Company uses currency derivatives to hedge the foreign exchange exposure which arose on the transfer of foreign currency loans from Participating Institutions with euro-denominated NAMA Securities. The foreign currency derivatives are used to reduce its exposure to exchange rate fluctuation arising on foreign denominated loans acquired.

19. Debtor loans measured at FVTPL

	2020 €'000	2019 €'000
Debtor loans measured at fair value through profit or loss	830,227	1,205,587

The above table reflects the carrying value of the debtor loans at the reporting date which have been classified and measured at FVTPL. The Company assesses the classification and measurement of each financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing that asset.

The following table summarises the movement in debtor loans measured at FVTPL for the reporting period.

	Note	2020 €'000	2019 €'000
Balance as at 1 January		**1,205,587**	**1,891,631**
Movement in year			
Receipts on debtor loans measured at FVTPL		(855,437)	(1,187,028)
Advances to borrowers		244,743	404,879
Other movements on debtor loans measured at FVTPL		2,697	8,655
Profit on disposal and refinancing of debtor loans measured at FVTPL		86,861	5,387
Foreign exchange (losses) / gains on debtor loans measured at FVTPL	12	(715)	1,067
Fair value gains on debtor loans measured at FVTPL	4	146,491	231,736
Consideration for Poolbeg trading properties		-	(150,740)
Total debtor loans measured at FVTPL		**830,227**	**1,205,587**

20 Inventories – trading properties

	2020 €'000	2019 €'000
Trading properties	-	55

Trading properties are recognised in accordance with accounting policy 2.17.

The movement in carrying values in 2020 relates to the disposal of property assets previously acquired and the revaluation of property assets to the lower of cost or net realisable value.

21. Risk management

The Company is subject to a variety of risks and uncertainties in the normal course of its business activities. The principal business risks and uncertainties include general macro-economic conditions. The precise impact or probability of these risks cannot be predicted with certainty and many of them lie outside the Company's control. The NAMA Board has ultimate responsibility for the governance of all risk taking activity and has established a framework to manage risk throughout the Company.

In addition to general risks mentioned above, specific risks arise from the use of financial instruments. The principal risk categories identified and managed by the Company in its day-to-day business are credit risk, liquidity and funding risk, market risk, price risk and operational risk.

Asset and liability management

The management of the Company's assets and liabilities is achieved through the implementation of strategies which have been approved by the NAMA Board.

As a result of acquiring loans and derivatives, the Company is exposed to currency and interest rate risks. Foreign currency risk arises at the point of loan acquisition when euro-denominated securities are issued as consideration for loan assets in GBP or other currencies, thereby creating an asset/liability currency mismatch for the Company. The Company also faces ongoing currency risks after loan acquisition as non-euro facilities are drawn, repaid or rescheduled and assets are disposed. The Company is also exposed to interest rate risk on acquired loans. The current and expected performance of a loan is a key driver in the assessment of the interest rate risk to be managed.

The Risk Management Committee and the NAMA Board have adopted a prudential liquidity policy which incorporates the maintenance of a minimum liquidity buffer or cash reserve. This buffer is kept under review in line with overall asset and liability management strategy.

Risk Oversight and Governance

Risk Management Committee

The Risk Management Committee, a subcommittee of the NAMA Board, oversees risk management and compliance throughout the Company. It reviews, on behalf of the NAMA Board, the key risks inherent in the business and ensures that an adequate risk management framework is in place to manage the Company's risk profile and its material exposures.

Audit Committee

The Audit Committee seeks to ensure compliance with financial reporting requirements. It reports to the NAMA Board on the effectiveness of control processes operating throughout the Group. It reports on the independence and integrity of the external and internal audit processes, the effectiveness of NAMA's internal control system and compliance with relevant legal, regulatory and taxation requirements by NAMA.

Credit Committee

The Credit Committee is responsible for making credit decisions within its delegated authority from the NAMA Board. These include inter alia the approval of debtor asset management / debt reduction strategies, advancement of new money, approval of asset / loan disposals, the setting and approval of repayment terms, property management decisions and decisions to take enforcement action where necessary. The Credit Committee also makes recommendations to the NAMA Board in relation to specific credit requests where authority rests with the NAMA Board and provides an oversight role in terms of key credit decisions made below the delegated authority level of the Credit Committee. It is also responsible for evaluating the overall credit framework and sectoral policies for ultimate NAMA Board approval. Finally, the Credit Committee reviews management information prepared by the Asset Management and Recovery, Residential Delivery and CFO functions in respect of the NAMA portfolio.

Audit and Risk – Chief Financial Officer (CFO) Division

The Audit and Risk unit is part of the CFO division of NAMA and is responsible for the co-ordination and monitoring of internal and external audit. The unit supports the NAMA CFO to ensure that NAMA operates within the NAMA Board approved risk limits and tolerances. Audit and Risk is also responsible for the design and implementation of the NAMA Risk Management Framework. The unit provides an independent assessment and challenge of the adequacy of the control environment, it coordinates the internal and external audit activities across NAMA, the Primary Servicer and Master Servicer; and it monitors and reports to the Audit Committee and NAMA Board the progress in addressing actions highlighted in audit findings. The unit also supports the business in assessing their compliance with policies and procedures and provides advice where opportunities for enhanced control are identified.

NTMA Risk unit

The NTMA Risk unit provides market risk support to the Company. Furthermore the management of the NAMA Group's counterparty credit risk on market related transactions (derivatives and cash deposits), in line with the NAMA Board's policy, has also been delegated to the NTMA.

21.1 Market risk

Market risk is the risk of a potential loss in the income or net worth of the Company arising from changes in interest rates, exchange rates or other market prices.

Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements, and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates. The Company is exposed to market risk on its loans and derivative positions. While the Company has in place a comprehensive set of risk management procedures to mitigate and control the impact of movements in interest rates, foreign exchange rates and other market risks to which it is exposed, it is difficult to predict accurately changes in economic or market conditions or to anticipate the precise effects that such changes could have on the Company.

The Company has made use of foreign currency derivatives to manage the currency profile of its assets and liabilities.

21.2 Market risk management

Objective

The Company has in place effective systems and methodologies for the identification and measurement of market risks in its statement of financial position. These risks are then managed within strict limits and in the context of a conservative risk appetite that is consistent with the NAMA legislation.

Policies

The management of market risk within the Company is governed by market risk policies approved by the Risk Management Committee and the NAMA Board. The NAMA Board approves overall market risk tolerance and delegates the lower level limit setting to the Risk Management Committee. The management of the Company's key market risks (such as interest rate and foreign exchange risk) is centralised within the NTMA's Treasury unit. NAMA's Audit and Risk unit provides oversight and is responsible for the monitoring of the limit framework within the context of limits approved by the Risk Management Committee and NAMA Board. Market risk support is provided by the NTMA Risk unit.

Risk mitigation

Risk mitigation involves the matching of asset and liability risk positions to the maximum extent practicable, and the use of derivatives to manage cash flow timing mismatch and interest rate sensitivity within the approved limit structure. The Company's Balance Sheet policies are designed to ensure a rigorous system of control is in place which includes prescribing a specific range of approved products and limits that cover all of the risk sensitivities associated with approved products.

The Company provides reporting to the Risk Management Committee with detailed analysis of all significant risk positions and compliance with risk limits.

The Risk Management Committee reviews, approves and makes recommendations concerning the market risk profile and limits across the Company. In addition, a Market Risk Management Group, comprising senior managers from the NAMA Audit and Risk unit and the NTMA Risk unit meets as required to review the market risk profile following changes in the risk position or market influences and to ensure compliance with the decisions of the NAMA Board and the Risk Management Committee. The reporting produced by the NTMA Risk unit includes analysis of all significant risk positions and compliance with risk limits.

21.3 Market risk measurement

21.3.1 Interest rate risk

The Company is exposed to interest rate risk on certain financial assets and liabilities. Effective systems have been put in place to mitigate such exposure.

The Company acquired fixed and variable rate loans from the Participating Institutions, as well as derivatives that were used to convert (for debtors) variable rate loans to fixed rate loans. The Company employs risk sensitivities, risk factor stress testing and scenario analysis to monitor and manage interest rate risk. Risk sensitivities are calculated by measuring an upward parallel shift in the yield curve to assess the impact of interest rate movements.

Information provided by the sensitivity analysis does not necessarily represent the actual change in fair value that the Company would incur under normal market conditions because, due to practical limitations, all variables other than the specific market risk factors are held constant.

The following tables summarise the Company's time-bucketed (defined by the earlier of contractual re-pricing or maturity date) exposure to interest rate re-set risk. It sets out, by time bucket, the assets and liabilities which face interest rate re-setting. Financial instruments are shown at nominal amounts.

Interest rate risk **As at 31 December 2020**	**0-12 months €'000**	**Non-interest bearing €'000**	**Total €'000**
Financial assets			
Cash and cash equivalents	386,329	-	**386,329**
Cash placed as collateral with the NTMA	3,000	-	**3,000**
Exchequer Notes	875,000	-	**875,000**
Debtor loans measured at FVTPL	830,227	-	**830,227**
Investments in equity instruments	-	4,846	**4,846**
Other assets	-	580,228	**580,228**
Total financial assets exposed to interest rate re-set	**2,094,556**	**585,074**	**2,679,630**
Financial liabilities			
Other liabilities	1,002,321	352,973	**1,355,294**
Total financial liabilities exposed to interest rate re-set	**1,002,321**	**352,973**	**1,355,294**

Interest rate risk **As at 31 December 2019**	**0-12 months €'000**	**Non-interest bearing €'000**	**Total €'000**
Financial assets			
Cash and cash equivalents	3,472,375	-	**3,472,375**
Cash placed as collateral with the NTMA	25,000	-	**25,000**
Government bonds	325,000	-	**325,000**
Debtor loans measured at FVTPL	1,205,587	-	**1,205,587**
Investments in equity instruments	-	5,381	**5,381**
Other assets	-	589,789	**589,789**
Total financial assets exposed to interest rate re-set	**5,027,962**	**595,170**	**5,623,132**
Financial liabilities			
Other liabilities	1,002,455	3,477,228	**4,479,683**
Total financial liabilities exposed to interest rate re-set	**1,002,455**	**3,477,228**	**4,479,683**

Interest rate risk sensitivity

The following table represents the interest rate sensitivity arising from a 50 basis point (bp) increase or decrease in interest rates across the curve, subject to a minimum interest rate of 0%. This risk is measured as the net present value (NPV) impact, on the statement of financial position, of that change in interest rates. This analysis shifts all interest rates for each currency and each maturity simultaneously by the same amount.

The interest rates for each currency are set as at 31 December 2020. The figures take account of the effect of hedging instruments, and debtor loans.

Interest rate sensitivity analysis – a 50bp move across the interest rate curve

	2020		2019	
	+50bp €'000	-50bp €'000	+50bp €'000	-50bp €'000
EUR	(3,100)	3,113	(1,257)	1,257
GBP	(2)	2	(15)	15
USD	(5)	5	(5)	5

The Company's financial assets and financial liabilities are interest rate insensitive.

21.3.2 Foreign exchange risk

As part of the acquisition of loans and derivatives from the Participating Institutions, the Company acquired a number of loans denominated in foreign currency, principally in GBP. As a result, the Company is exposed to the effects of fluctuations in foreign currency exchange rates, on its financial position and cash flows. The Company monitors on a regular basis the level of exposure by currency and has entered into hedges to mitigate these risks.

The following table summarises the Company's exposure to foreign currency risk at 31 December 2020. Included in the table are the Company's assets and liabilities at carrying amounts, categorised by currency. These tables take account of hedging instruments which have the effect of significantly reducing currency risk.

2020	USD €'000	GBP €'000	Total €'000
Assets			
Cash and cash equivalents	82	953	**1,035**
Debtor loans measured at FVTPL	4,904	1,694	**6,598**
Derivative financial instruments	(4,075)	(556)	**(4,631)**
Net exposure to foreign currency risk	**911**	**2,091**	**3,002**

2019	USD €'000	GBP €'000	Total €'000
Assets			
Cash and cash equivalents	366	2,298	**2,664**
Debtor loans measured at FVTPL	5,488	14,283	**19,771**
Derivative financial instruments	(6,676)	(11,754)	**(18,430)**
Net exposure to foreign currency risk	**(822)**	**4,827**	**4,005**

Exposure to foreign exchange risk - sensitivity analysis

A 10% strengthening of the euro against the following currencies at 31 December 2020 would have increased equity and profit before taxation by the amounts set out below. This analysis assumes that all other variables, in particular interest rates, remain constant. A 10% weakening of the euro against the same currencies would have had the equal but opposite effect, on the basis that all other variables remain constant.

Company	2020 €'000	2019 €'000
GBP	(190)	(439)
USD	(83)	75

21.3.3 Other price risk

The Company is exposed to equity price risk arising from equity instruments. The fair value of equity instruments is measured based on the net asset value of the investment entity at the reporting date. Equity price risk is monitored through the review of net asset valuations, which are provided by the fund managers.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

If the fair values of the equity investment held had been 10% higher / lower, profit before taxation for the financial year ended 31 December 2020 would increase / decrease by €0.5m (2019: €0.5m) as a result of the changes in fair value of NAMA's equity instruments, which are classified as fair value through profit or loss, in accordance with accounting policy 2.6.

The Company is not exposed to other price risk.

22. Credit risk

Credit risk is the risk of incurring financial loss from the failure by debtors or market counterparties of the Company to fulfil contractual obligations to the Company taking account of the realisable value of collateral pledged as security for such obligations. NAMA's main credit risk arises from the repayment performance of its debtors and the ultimate value realisable from assets held as security.

The Company is also exposed to concentration risk arising from exposures across its loan book. Concentrations in particular portfolio sectors, such as property, can impact the overall level of credit risk.

The Company's debtor-related exposures arose from the acquisition of a substantial portfolio of loans secured mostly on property in the commercial and residential sector in Ireland and the UK, and to a lesser extent in Europe, the USA and the rest of the world. The portfolio at 31 December 2020 is predominantly secured on property in Ireland. Credit risk also arises in relation to the Company's lending activities, which are undertaken in order to preserve or enhance value (including funding of residential units) with the aim of achieving the maximum financial return for the State subject to acceptable risk. Undrawn loan commitments, guarantees and other financial assets also create credit risk.

Credit risk is the most significant risk to the Company's business. The Company therefore manages its exposure to credit risk. The credit risk arising from the original acquisition of the loan portfolio was mitigated as far as possible by the completion of an intensive property and legal due diligence process. This was designed to ensure that loans were properly valued in accordance with the statutory scheme that provided for their acquisition by the Company, such valuations being independently verified to the satisfaction of the relevant authorities. The credit risk arising from the Company's ongoing lending and credit risk management activities is mitigated by NAMA's Policy and Procedures Framework.

Credit risk arises and is managed principally in two divisions of the Company being Asset Management and Recovery and Residential Delivery.

NAMA Asset Management and Recovery

The Asset Management and Recovery Division drives financial return and fulfils NAMA's wider strategic objectives through working with debtors, receivers and institutional investment venture

partners to identify, develop and manage assets where value can be added through judicious development and asset management strategies.

In order to implement these strategies NAMA holds minority shareholdings in certain investment vehicles in the Dublin Docklands, which include investments in certain Qualifying Investor Alternative Investment Funds (QIAIF) and Irish Collective Asset-Management Vehicles (ICAVs) (refer to Note 29).

The division is also responsible for implementing a commercial delivery strategy for NAMA owned land within the Poolbeg West SDZ.

This division continues to be responsible for maximising recovery from real estate backed loans, through intensive management and phased deleveraging. In order to maximise recovery there is significant interaction with debtors/insolvency practitioners through intensive daily management, with an innovative and solutions based approach, employing a range of work-out methods including: setting and actively monitoring clear strategies, targets and milestones; minimising debtor, service provider and insolvency practitioner costs; securing and maximising income; optimising sales values through proactive asset management; providing additional capital expenditure where incremental value can be obtained or value protected and ultimately implementing an appropriate monetisation strategy such as loan sales, asset and portfolio sales. Regular assessment of asset sale versus asset hold options are carried out using, *inter alia* discounted cash flow analysis.

NAMA Residential Delivery

Following the decision in late 2015 to increase the funding of commercially viable residential development to maximise the return from secured development assets and to facilitate increased debt reduction, the Residential Delivery division was created. The Credit Approval process within Residential Delivery is operated within the current Group Policy and Procedure Framework. In addition, a separate and dedicated Credit and Risk Team has been created to provide additional oversight of the application of lending guidelines, attainment of viability hurdles and delivery on cashflow assumptions in relation to all additional funding advanced. This is achieved through ongoing monitoring of development projects against approved budgets/cashflows. A key control within this area requires the Residential Delivery division to modulate its funding of construction activity to ensure it is in line with actual sales volumes being achieved. Furthermore, the Residential Delivery division continues to manage the orderly deleveraging of debtors' existing borrowings through the ongoing sale of their non-development assets, and development assets where relevant.

Policy and Procedures Framework

The overall objective of the Group's Policy and Procedures Governance Framework is to assist in implementing and maintaining an efficient and effective control environment.

Ultimate responsibility for the management of credit risk in the Company rests with the NAMA Board. Credit risk management and control is implemented by the two relevant divisions as described above. Credit risk is reported to the NAMA Board and Credit Committee on a regular basis and the Framework is subject to a formal annual review.

The Company is responsible for managing loans, which have been acquired under the provisions of the NAMA Act. Loans acquired from Participating Institutions are grouped together and managed on a connection basis.

The Company is required to make various credit decisions, which may involve new lending, the restructuring of loans or the taking of enforcement action. Specifically, a credit decision can arise out of any event that could materially change the underlying risk profile of an exposure or debtor, including:

- An application for credit, including the funding of residential developments by a debtor/insolvency practitioner;
- Approval of asset sales;
- A proposal by a debtor which may involve pragmatic/commercial compromises or incentives in order to maximise NAMA's overall position;
- A proposed debtor or insolvency practitioner strategy;
- A proposed extension or amendment of terms for any or all of a debtor's exposures;
- A proposal to initiate insolvency or enforcement action;

- An asset management proposal for secured assets e.g. approving new leases; and
- An action by a third party concerning a common debtor e.g. a non-participating institution/ insolvency practitioner.

A number of debtors' NAMA-approved work-out strategies include possible commercial arrangements which are triggered when ambitious or 'stretch' financial and operational targets are met. In certain cases, if debtors achieve these stretch targets, they may retain a proportion of any excess achieved above target levels. The objective of this is to ensure that debtors are motivated to extract maximum value from the workout and realisation of their assets. Improvement in property market conditions since the end of 2013 has triggered payments or actions in a number of cases. Where appropriate, payment of development management fees is considered on a case-by-case basis as part of commercially viable residential development funding.

Credit risk is measured, assessed and controlled for all transactions or credit events that arise from the Company's acquisition of loans, and from the ongoing management of those loans.

22.1 Credit risk measurement

The Company applies the following measures of exposure:

Loan portfolio - credit exposure measurement

- Par debt exposure - the gross amount owed by the debtor, i.e. the total amounts due in accordance with the original contractual terms of acquired loans. The total Par debt acquired by the Group was €74bn. Total Par Debt outstanding at the reporting date is €21.5bn (2019: €22.2bn).

- NAMA debt exposure - the acquisition amount paid by the Group (plus any new money lent by the Group, fair value changes and interest charge added, less cash payments received). The total consideration paid for loans and related derivatives acquired was €31.8bn. Total NAMA Debt outstanding at the reporting date is €0.9bn (2019: €1.2bn).

In accordance with Section 10 of the Act, NAMA is required to expeditiously obtain the best achievable financial return for the State having regard to Par debt, acquisition cost, any costs as a result of dealing with the assets, its cost of capital and other costs. These are the fundamental measures upon which credit and case strategy decisions will be made. They are also the basis for determining the appropriate Delegated Authority level for credit decisions made by the Company. The Company monitors Par and NAMA debt exposure in parallel and uses them in support of all credit decisions.

Concentration risk

Concentration risk arises where any single exposure or group of exposures, based on common risk characteristics, has the potential to produce losses large enough relative to the Company's capital, total assets, earnings or overall risk level to threaten its ability to deliver its core objectives.

The Company manages its exposure to risk through the Group's risk appetite statement and monitors exposures to prevent excess concentration of risk. Concentration risk to divisions and sectors, and movements in such concentrations are monitored regularly to prevent excessive concentration of risk, and to provide early warning for potential excesses. These measures facilitate the measurement of concentrations within the Company and in turn facilitate appropriate management action and decision making.

22.2 Credit risk assessment

Credit risk assessment focuses on debtor and counterparty repayment capacity and all credit enhancements available, including security. Loans and advances to debtors are collateralised principally by charges over real estate assets, other assets, liens on cash deposits, and are supplemented in many cases by personal and corporate guarantees.

The Company relied initially on the valuations placed on existing security and recourse attached to loans acquired as part of the acquisition process. However the Company seeks to ensure that an appropriate, up-to-date assessment of value of any additional forms of security or recourse are

included in any debtor's new credit proposal. An updated assessment of existing security value may also be part of that process.

A key consideration in advancing funding is whether or not the debtor's or insolvency practitioner's credit proposal is value enhancing in terms of its potential ability to maximise capacity to repay debt rather than disposal of assets "as is".

In determining additional or alternative forms of security or recourse, the Company may commission personal asset assessments of a debtor to identify any security or recourse that may be available to protect the Company's interests.

22.3 Credit risk control

NAMA has a defined Policy and Procedures Framework which sets out authority levels for permitted credit decisions and credit limits, as well as credit risk monitoring and reporting.

The Policy and Procedures Framework sets out the permitted decision making and credit limits, for example relating to:

- The approval of Debtor and Insolvency Practitioner work-out strategies and Strategic Credit Reviews;
- The approval of new lending;
- Loan restructuring or renegotiation where no additional debt is provided;
- Enforcement action being taken by the Company;
- Sales of assets / loans;
- Property and asset management requirements; and
- Debtor and third party costs required to implement approved work-out strategies.

The level of approval required for each of these credit decisions is determined by reference to the total amount of the debtor's outstanding debt balance and the level of additional funding being sought.

Credit decisions are approved by one or more of the following within a cascading level of approved delegated authority:

- Panel A Delegated Authority Policy holders;
- Panel B Delegated Authority Policy holders;
- Senior Divisional Manager;
- Divisional Head (or Deputy Head);
- CEO and Head of Division (or Deputy Head);
- Credit Committee;
- Board.

Oversight of the compliance with the Delegated Authority Policy is performed by the Business Management Team and by the internal audit function.

Specific control and mitigation measures adopted by the Company are outlined below:

(a) Cash Management

Management of cash within a debtor connection is a key control with the aim of ensuring that overheads, working capital or development capital expenditure payments are appropriate and verified so that potential cash leakage is eliminated. The full visibility of all rental/trading income and asset sales income including income derived from completed NAMA funded residential units is also required.

(b) Collateral

Loans and advances to debtors and insolvency practitioners are collateralised principally by charges over real estate assets, other assets, liens on cash deposits, and are supplemented in many cases by personal and corporate guarantees.

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of first fixed charge security for any working or development capital advanced.

The principal collateral types acceptable for credit risk mitigation of loans are:

- Mortgages over various land and properties;
- Floating charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities;
- Charges over bank deposits including sales receipts accounts for Debtors who avail of approved residential development funding.

(c) Derivatives

The Company transacts derivatives with the NTMA to hedge foreign currency exposures.

22.4 Maximum exposure to credit risk - before collateral held or other credit enhancements

The following table sets out the maximum exposure to credit risk for financial assets with credit risk at 31 December 2020, taking no account of collateral or other credit enhancements held. Exposures are based on the net carrying amounts as reported in the Company's Statement of financial position.

	Note	Maximum exposure 2020 €'000	Maximum exposure 2019 €'000
Cash and cash equivalents		386,329	3,472,375
Cash placed as collateral with the NTMA		3,000	25,000
Exchequer Notes		875,000	-
Government bonds		-	342,052
Derivative financial instruments		254	208
Debtor loans measured at FVTPL		830,227	1,205,587
Other assets		580,228	589,789
Investments in equity instruments		4,846	5,381
Total assets		**2,679,884**	**5,640,392**
Loan commitments	23.4	159,043	255,390
Total maximum exposure		**2,838,927**	**5,895,782**

22.5 Information regarding the credit quality of debtor loans and other financial instruments

(a) Debtor loans

The Company has implemented a grading policy to provide a risk profile of NAMA's portfolio which applies to all debtors. NAMA's credit grade scale seeks to assign a measure of the risk to the recovery of a financial asset and is based on two dimensions with nine possible grades expressed as a combination of a number and letter 1A, 3B etc.

- The first dimension (scale 1, 2, 3) measures the quality of the underlying assets acquired and the expectation for debt recovery relative to the NAMA debt.
- The second dimension (scale A, B, C) rates the level of debtor performance and cooperation by measuring the achievement of financial and non-financial milestones that have been agreed through the debtor engagement process.

The possible grade outcomes can be summarised into the following categories:

- *Satisfactory*: Connection deemed to be co-operating with NAMA with agreed milestones being achieved.
- *Watch:* Connection requires closer monitoring with evidence of actual/potential milestone slippage.
- *Other*: Connection has had milestone slippage and/or has an insolvency practitioner appointed.

The following table sets out the distribution of debtor loans measured at FVTPL based on the 3 possible grade outcomes at year end.

	2020 €'000	2019 €'000
Satisfactory	62,654	243,347
Watch	439,508	515,268
Other	328,065	446,972
Debtor loans	**830,227**	**1,205,587**

The change in fair value of debtor loans is attributable to changes in credit risk associated with the underlying debtors and secured collateral. The change in portfolio value is due to monetisation of debtor loans during the period.

(b) Other financial instruments amounts

The credit quality of the following financial instrument amounts at the reporting date have been graded satisfactory.

- Cash and cash equivalents
- Collateral
- Exchequer Notes
- Derivatives
- Investments in equity instruments
- Other assets

Default occurs when a counterparty does not meet its obligations.

Cash and cash equivalents are held with central banks and other banks/counterparties which have a very low risk of default and a low credit risk profile. All banks/counterparties are rated investment grade by credit rating agencies at 31 December 2020 (2019: investment grade).

Collateral is held with the NTMA. There is a very low credit risk of default or other material reduction in value.

Exchequer Notes are liquid, interest bearing notes held through the NTMA where time to maturity on date of acquisition is greater than three months. There is a very low credit risk of these defaulting or otherwise materially reducing in value.

Government bonds comprised Irish treasury bonds which were held for liquidity management purposes. The bonds were traded in an active market and were readily convertible to cash. The bonds at 31 December 2019 had a credit rating of AA-/A2. There was a very low credit risk of these bonds defaulting or otherwise materially reducing in value. No government bonds were held as at 31 December 2020 following the maturity of the remaining bonds during 2020.

22.6 Geographical reporting

The following table analyses the Company's main credit exposures at their carrying amounts, with debtor loans and investments in equity instruments based on the location of collateral securing them and all other assets based on the location of the asset.

Geographical reporting 2020	Ireland excluding Northern Ireland €'000	UK including Northern Ireland €'000	Rest of World €'000	Total €'000
Debtor loans measured at FVTPL				
– Land and development	562,983	-	-	**562,983**
– Investment property	243,931	246	23,067	**267,244**
Total debtor loans	**806,914**	**246**	**23,067**	**830,227**
Cash and cash equivalents	386,329	-	-	**386,329**
Cash placed as collateral with the NTMA	3,000	-	-	**3,000**
Exchequer Notes	875,000	-	-	**875,000**
Derivative financial instruments	254	-	-	**254**
Other assets	580,228	-	-	**580,228**
Investments in equity instruments	4,846	-	-	**4,846**
Total assets	**2,656,571**	**246**	**23,067**	**2,679,884**

Geographical reporting 2019	Ireland excluding Northern Ireland €'000	UK including Northern Ireland €'000	Rest of World €'000	Total €'000
Debtor loans measured at FVTPL				
– Land and development	745,536	11,453	241	**757,230**
– Investment property	404,233	482	43,642	**448,357**
Total debtor loans	**1,149,769**	**11,935**	**43,883**	**1,205,587**
Cash and cash equivalents	3,472,375	-	-	**3,472,375**
Cash placed as collateral with the NTMA	25,000	-	-	**25,000**
Government bonds	342,052	-	-	**342,052**
Derivative financial instruments	208	-	-	**208**
Other assets	589,789	-	-	**589,789**
Investments in equity instruments	5,381	-	-	**5,381**
Total assets	**5,584,574**	**11,935**	**43,883**	**5,640,392**

23. Liquidity risk

Liquidity risk is the risk that the Company is unable to meet all of its financial obligations as and when they fall due. Liquidity risk arises from differences in timing between cash inflows and outflows.

23.1 Liquidity risk management process

The Company's liquidity risk management process as carried out within the Company includes:

- Management of the Company's day-to-day liquidity and funding requirements so as to ensure that it will meet all obligations as they fall due: these include future lending commitments, interest on liabilities, lease liabilities, collateral posting, day-to-day operating costs, fees and expenses.
- Asset and Liability management: by monitoring the maturity profile within the Company's statement of financial position to ensure that sufficient cash resources are retained and or

funding established where mismatches are likely to occur, thereby minimising the impact of liquidity outflows.

Monitoring and reporting takes the form of cash flow measurement and projections for periods of one week to one year with the planning process covering periods beyond one year. The NAMA Finance unit independently produces liquidity forecasts that are provided to the Risk Management Committee and NAMA Board. All projections include a 'stressed' forecast to cater for prolonged periods of uncertainty. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected repayment date of the financial assets.

In 2020 and 2019, the key liquidity risk for the Company is the settlement of other liabilities and lease liabilities.

23.2 Non-derivative cash flows

The following table presents the cash flows payable by the Company on foot of its non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative cash flows 31 December 2020	0-6 months €'000	Greater than 6 months €'000	Total €'000
Liabilities			
Other liabilities	1,352,682	2,612	**1,355,294**
Total liabilities	**1,352,682**	**2,612**	**1,355,294**
Assets held for managing liquidity risk	**1,264,329**	**-**	**1,264,329**

Non-derivative cash flows 31 December 2019	0-6 months €'000	Greater than 6 months €'000	Total €'000
Liabilities			
Other liabilities	4,475,229	4,454	**4,479,683**
Total liabilities	**4,475,229**	**4,454**	**4,479,683**
Assets held for managing liquidity risk	**3,839,427**	**-**	**3,839,427**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and cash equivalents, collateral, Exchequer Notes and government bonds. Assets held for managing liquidity risk do not take into account debtor loan balances which are on-demand.

23.3 Derivative cash flows

Derivatives settled on a gross basis

The Company's derivatives that will be settled on a gross basis include:

- Foreign exchange derivatives: currency forwards, currency swaps; and
- Cross currency interest rate swaps.

The following table analyses the Company's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2020	0-6 months €'000	Total €'000
Foreign exchange derivatives:		
– Outflow	(4,631)	(4,631)
– Inflow	4,852	4,852
Total inflow	**221**	**221**

31 December 2019	0-6 months €'000	Total €'000
Foreign exchange derivatives:		
– Outflow	(18,430)	**(18,430)**
– Inflow	18,598	**18,598**
Total outflow	**168**	**168**

23.4 Loan commitments

The dates of the contractual amounts of the Company's financial instruments, that commit it to extend credit to customers and other credit facilities are summarised in the following table.

Commitments to lend	No later than 1 year €'000	1-5 years €'000	Over 5 years €'000	Total €'000
31 December 2020	115,268	42,014	1,761	**159,043**
31 December 2019	176,437	75,996	2,957	**255,390**

24. Fair value of assets and liabilities

(a) Comparison of carrying value to fair value

The following table summarises the carrying amounts and fair values of financial assets and liabilities presented in the Company's statement of financial position.

	2020 Carrying value €'000	2020 Fair value €'000	2019 Carrying value €'000	2019 Fair value €'000
Financial assets				
Cash and cash equivalents	386,329	386,329	3,472,375	3,472,375
Cash placed as collateral with the NTMA	3,000	3,000	25,000	25,000
Exchequer Notes	875,000	875,000	-	-
Government bonds	-	-	342,052	342,052
Derivative financial instruments	254	254	208	208
Debtor loans measured at FVTPL	830,227	830,227	1,205,587	1,205,587
Other assets	580,228	580,228	589,789	589,789
Investments in equity instruments	4,846	4,846	5,381	5,381
Total assets	**2,679,884**	**2,679,884**	**5,640,392**	**5,640,392**

	2020 Carrying value €'000	2020 Fair value €'000	2019 Carrying value €'000	2019 Fair value €'000
Financial liabilities				
Derivative financial instruments	26	26	-	-
Other liabilities	1,355,294	1,355,294	4,479,683	4,479,683
Total liabilities	**1,355,320**	**1,355,320**	**4,479,683**	**4,479,683**

Financial assets and liabilities not subsequently measured at fair value

For financial assets and liabilities which are not subsequently measured at fair value in the statement of financial position, their fair value is their carrying amount due to their short term nature.

(b) Fair value hierarchy

IFRS 13 *Fair Value Measurement* specifies a three level hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect assumptions that are specific to the asset and are not necessarily based on observable market data. The fair value hierarchy comprises:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes government bonds where quoted market prices are available.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes OTC derivative contracts. The sources of input parameters use the standard Libor / Euribor yield curve.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments with significant unobservable components. The fair value of equity investments is based on the asset value of the underlying companies. The asset values of the underlying companies are primarily derived from the fair value of the underlying properties. The fair value is calculated using a residual valuation approach and market evidence of comparable transactions. The significant unobservable component used for valuation is asset values.

  This level also includes debtor loans measured at FVTPL. The valuation methodology for debtor loans measured at FVTPL is to estimate the expected cash flows to be generated by the financial asset and then discount these values back to a present value. The assumptions involved in this technique include:
  - determining suitable stratifications for the portfolio to segment assets with similar risk characteristics (2020 and 2019: Deleveraging Land & Development, Deleveraging Residential, Deleveraging Commercial, Deleveraging NRE, L&D Core Active, L&D Core Not Active));
  - the likelihood and expected timing of future cash flows; and
  - selecting an appropriate discount rate for the financial asset or group of financial assets, based on management's assessment of the characteristics of the instrument and relevant market information. Discount rates range for 2020 from 8% to 12% (2019: 8% to 12%).

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Fair value hierarchy for assets and liabilities measured at fair value

31 December 2020	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Foreign currency derivatives	-	254	-	**254**
Debtor loans measured at FVTPL	-	-	830,227	**830,227**
Intergroup loans measured at FVTPL	-	-	329,018	**329,018**
Investments in equity instruments	-	-	4,846	**4,846**
Total assets	**-**	**254**	**1,164,091**	**1,164,345**
Liabilities				
Derivatives	-	26	-	26
Total liabilities	**-**	**26**	**-**	**26**

31 December 2019	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Foreign currency derivatives	-	208	-	**208**
Debtor loans measured at FVTPL	-	-	1,205,587	**1,205,587**
Intergroup loans measured at FVTPL	-	-	350,343	**350,343**
Government bonds	342,052	-	-	**342,052**
Investments in equity instruments	-	-	5,381	**5,381**
Total assets	**342,052**	**208**	**1,561,311**	**1,903,571**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period). The Company's policy is to recognise transfers into and out of the fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer.

There were no transfers between hierarchy levels during 2020 and 2019.

IFRS 13 requires that financial assets and liabilities not carried at fair value but for which fair value is disclosed are also classified within the fair value hierarchy. Financial assets and liabilities measured at amortised cost are classified under Level 1.
The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value.

Investments in equity instruments	Note	2020 €'000	2019 €'000
Balance as at 1 January		**5,381**	**18,573**
Disposal of investments		-	(14,702)
Fair value movements	6	(535)	1,510
Balance as at 31 December		**4,846**	**5,381**

Included in fair value movements in 2019 is a realised gain of €0.5m which arose during the financial year.

Debtor loans measured at FVTPL	2020 €'000	2019 €'000
Balance as at 1 January	**1,205,587**	**1,891,631**
Receipts on debtor loans measured at FVTPL	(855,437)	(1,187,028)
Advances to borrowers	244,743	404,879
Foreign exchange (losses)/gains on debtor loans measured at FVTPL	(715)	1,067
Other movements on debtor loans measured at FVTPL	2,697	8,655
Fair value gains on debtor loans measured at FVTPL	146,491	231,736
Profit on disposal and refinancing of debtor loans measured at FVTPL	86,861	5,387
Transfer to trading properties	-	(150,740)
Balance as at 31 December	**830,227**	**1,205,587**

Intergroup loans at FVTPL	2020 €'000	2019 €'000
Balance as at 1 January	**350,343**	**385,180**
Interest earned	46,841	123,483
Net repayments	(61,834)	(158,320)
Fair value loss on intergroup loan measured at FVTPL	(6,332)	-
Balance as at 31 December	**329,018**	**350,343**

Quantitative information about fair value measurements (Level 3)

Level 3 assets	Valuation technique	Unobservable input	Fair value 31 December 2020 €'000	Fair value 31 December 2019 €'000
Investments in equity instruments	Residual valuation approach	1) Asset value	4,846	5,381
Debtor loans	Discounted cashflow	1) Portfolio Stratification 2) Timing of cashflows 3) Collateral values 4) Discount rates	830,227	1,205,587

The intergroup loans are repayable on demand so the par value is their fair value apart from the intergroup loan to NAPM.

Sensitivity of Level 3 measurements

The implementation of valuation techniques involves a considerable degree of judgement. The sensitivity analysis has been determined based on the exposure to possible alternative assumptions in the valuation methodology at the end of the reporting period. It is considered that a 10% increase in the net asset value of equity investment would result in a 10% increase in fair value.

The sensitivity analysis for debtor loans measured at FVTPL is set out below.

The following table shows an estimate of the impact of changes in collateral values on fair value of debtor loans.

31 December 2020 Sector	+/-1% €m	+/-3% €m	+/-5% €m
Land and Development	+/- 6	+/- 17	+/- 28
Investment Property	+/- 3	+/- 9	+/- 15
Total	**+/- 9**	**+/- 26**	**+/- 43**

31 December 2019 Sector	+/-1% €m	+/-3% €m	+/-5% €m
Land and Development	+/- 9	+/- 26	+/- 43
Investment Property	+/- 6	+/- 17	+/- 29
Total	**+/- 15**	**+/- 43**	**+/- 72**

The following table shows an estimate of the impact of changes in discount factors on fair value of debtor loans.

31 December 2020 Sector	-5% €m	-3% €m	-1% €m	+1% €m	+3% €m	+5% €m
Land and Development	44	26	8	(8)	(24)	(39)
Investment Property	20	12	4	(4)	(11)	(18)
Total	**64**	**38**	**12**	**(12)**	**(35)**	**(57)**

31 December 2019 Sector	-5% €m	-3% €m	-1% €m	+1% €m	+3% €m	+5% €m
Land and Development	61	36	12	(11)	(33)	(54)
Investment Property	28	16	5	(5)	(15)	(25)
Total	**89**	**52**	**17**	**(16)**	**(48)**	**(79)**

The following table shows an estimate of the impact of changes in timing of cash flows on fair value of debtor loans.

31 December 2020 Sector	+6 months €m	+3 months €m	-3 months €m
Land and Development	(26)	(13)	13
Investment Property	(15)	(7)	8
Total	**(41)**	**(20)**	**21**

31 December 2019 Sector	+3 months €m	-3 months €m
Land and Development	(12)	12
Investment Property	(20)	21
Total	**(32)**	**33**

Categories of financial assets and financial liabilities

Financial assets and liabilities are categorised in accordance with IFRS 9 as follows:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

Financial assets 31 December 2020	Amortised Cost €'000	FVTPL €'000
Cash and cash equivalents	386,329	-
Cash placed as collateral with the NTMA	3,000	-
Exchequer Notes	875,000	-
Derivative financial instruments	-	254
Debtor loans	-	830,227
Investments in equity instruments	-	4,846
Other assets	251,210	329,018

Financial liabilities 31 December 2020	Amortised Cost €'000	FVTPL €'000
Other liabilities	1,355,294	-
Derivative financial instruments	-	26

Financial assets 31 December 2019	Amortised Cost €'000	FVTPL €'000	FVOCI €'000
Cash and cash equivalents	3,472,375	-	-
Cash placed as collateral with the NTMA	25,000	-	-
Government bonds	-	-	342,052
Derivative financial instruments	-	208	-
Debtor loans	-	1,205,587	-
Investments in equity instruments	-	5,381	-
Other assets	239,466	350,343	-

Financial liabilities 31 December 2019	Amortised Cost €'000	FVTPL €'000
Other liabilities	4,479,683	-

25. Capital management

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. The Company's objectives when managing capital in its statement of financial position are:

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- To maintain a strong capital base to support the development of its business.

See Note 31 for further detail.

26. Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income tax assets and liabilities are attributable to the following items:

	Deferred tax		Deferred tax on IFRS 9 transition adjustment	Total
	Assets	Liabilities		
	€'000	€'000	€'000	€'000
Balance at 1 January 2020	**1,276**	**(2,631)**	**(12,714)**	**(14,069)**
Movement in the financial year	(535)	1,446	4,237	**5,148**
Balance at 31 December 2020	**741**	**(1,185)**	**(8,477)**	**(8,921)**
Balance at 1 January 2019	**1,079**	**(3,125)**	**(16,952)**	**(18,998)**
Movement in the year	197	494	4,238	**4,929**
Balance at 31 December 2019	**1,276**	**(2,631)**	**(12,714)**	**(14,069)**

Movement in deferred tax recognised

	Note	2020 €'000	2019 €'000
Movement in deferred tax recognised in the income statement (excluding IFRS transitional adjustment)	14	226	673
Movement in deferred tax recognised in other comprehensive income	15, 32	685	18
Movement in deferred tax recognised in the income statement for IFRS transitional adjustment	14	4,237	4,238
Total movement in deferred tax in the financial year		**5,148**	**4,929**

A net deferred tax liability of €8.9m (2019: €14.1m) has been recognised in relation to equity investments, transitional adjustments as well as financial assets measured at FVOCI. In accordance with accounting standards, deferred tax is recognised where the corresponding entry is accounted for i.e. either in the income statement or in other comprehensive income. With effect from 1 July 2017, any unrealised fair value movements in the derivatives and equity investments held on trading account will no longer be subject to deferred tax as the tax treatment will follow the accounting treatment. Transitional adjustments relating to previous unrealised fair value movements will be brought into the charge to tax over a period of 5 years (or earlier where appropriate) beginning in the prior year. A transitional adjustment has also been recognised on the fair value adjustment to retained earnings following the Company's adoption of IFRS 9. These transitional adjustments will be recognised as a charge to the income statement over a five year period following the initial adoption of IFRS 9.

A deferred tax credit of €685k (2019: €18k) has been recognised in other comprehensive income relating to deferred tax on the financial assets measured at FVOCI.

27. Other assets

	2020 €'000	2019 €'000
Receivable from NAMA the Agency	62,784	62,632
Intergroup receivables at amortised cost	188,426	174,995
Intergroup loans measured at FVTPL	329,018	350,343
Loan receivable from NASLLC	-	357
Tax prepaid	1,189	15,452
Prepayments	1,437	1,115
Right of use asset	3,668	6,442
Other assets	-	1,462
Total other assets	**586,522**	**612,798**

Further detail on intergroup receivables and amounts receivable from NAMA the Agency is provided in Note 34.

The gross loan receivable and expense receivable from NASLLC are €1.3m and €0.5m respectively (2019: €2.3m and €0.3m). Both these receivables are fully impaired at year end. As at 31 December 2019 there was an impairment of €1.9m on the loan receivable and no impairment on the expense receivable. During the year, an impairment reversal was booked against the loan of €0.5m (2019: impairment charge: €0.8m) and an impairment charge of €0.5m (2019: €nil) against the expense receivable. No expected credit loss has been recognised on any other intergroup receivable measured at amortised cost.

All other assets apart from the Right of Use asset in the Company are current assets.

The Company has recognised a Right of Use asset for the lease of certain assets in Treasury Dock. Following the temporary change in VAT rates which was effective for the period from 1 September 2020 to 28 February 2021 an adjustment of €15k was recognised against the right of use asset for the associated lease cashflow changes.

	Office Space	
	2020 €'000	**2019 €'000**
Cost		
Balance at 1 January	9,203	-
Assets recognised on application of IFRS 16	-	9,203
Adjustment for lease cashflow change	(15)	-
Balance at 31 December	**9,188**	**9,203**
Depreciation		
Balance at 1 January	(2,761)	-
Depreciation charge for the year	(2,759)	(2,761)
Balance at 31 December	**(5,520)**	**(2,761)**
Net carrying value at 31 December	**3,668**	**6,442**

28. Other liabilities

	2020 €'000	**2019 €'000**
Accrued expenses	13,843	11,180
Intergroup payables	13,601	13,520
Intergroup liabilities	1,324,018	4,449,488
Vat payable	227	491
Interest payable on cash and cash equivalents	120	412
Lease liability	2,612	4,454
Other liabilities	873	138
Total other liabilities	**1,355,294**	**4,479,683**

There are two intergroup loan facility agreements in operation in the NAMA Group which are liabilities of the Company, the first of which is between National Asset Management D.A.C. (NAM) and National Asset Management Group Services D.A.C. (NAMGS). Under this agreement NAM has agreed to transfer, in various tranches, the beneficial interest in a combination of Government guaranteed securities and subordinated bonds (the 'securities') to NAMGS for a total consideration of up to the maximum principal amount of €54bn. The payment for the transfer of these securities is to be left outstanding as an intergroup payable.

There is a loan agreement between the Company and NAMGS. NAMGS transfers the beneficial interest in the securities to the Company up to the same maximum principal amount of €54bn. The receipt for the transfer of the beneficial interest in these securities is funded by way of an intergroup loan. The total amount payable under the loan by the Company to NAMGS at the reporting date was €1.0bn (2019: €1.0bn).

The Company holds leases in respect of space in Treasury Dock.

All other liabilities apart from lease liabilities in the Company are current liabilities. Other liabilities include €0.8m (2019: €Nil) for a provision for the expected costs associated with the calculation of interest on certain debtor loans.

Changes in intergroup liabilities arising from financing activities

Intergroup liabilities	**2020 €'000**	**2019 €'000**
As at the beginning of the year	4,449,488	4,461,583
Cash flows		
Repayment of intergroup loan	(3,120,100)	-
Non-cash changes	(5,370)	(12,095)
At the end of the year	**1,324,018**	**4,449,488**

Lease liabilities	**2020 €'000**	**2019 €'000**
As at 1 January	**4,454**	**11,095**
Cash flows		
- Payment of lease liabilities	(1,893)	(6,779)
Non-cash changes	51	138
At the end of the year	**2,612**	**4,454**

29. Investments in equity instruments

	2020 €'000	**2019 €'000**
Financial assets at fair value through profit or loss	4,846	5,381

The Company may invest in equity instruments to maximise value and to facilitate the effective delivery of commercial or residential developments.

The movement in investments is due to fair value movements. Fair value movements are driven by movements in the asset value of the underlying funds which are impacted also by distributions made during the year.

30. Commitments and contingent liabilities

(a) Contingent liabilities

At the reporting date, the Company is party to a number of on-going legal cases, as part of its ordinary course of business. The possible outflow of economic resources cannot be reliably estimated and therefore no further disclosure is being made.

The Company has issued guarantees and letters of comfort at the reporting date but as the possible outflow of economic resources cannot be reliably estimated no further disclosure is being made.

At the reporting date, the Company is working with the Revenue Commissioners to finalise a 2017 unprompted voluntary disclosure with regard to the treatment of Professional Services Withholding Tax on payments to professional service providers that were not engaged by the Company. The review was

initiated by the Company and conducted with external specialist tax assistance. The potential for further future payments remains under review with Revenue. The possible outflow of future economic resources is the subject of ongoing discussions and cannot be reliably estimated and therefore no further disclosure is being made.

(b) Commitments

The undrawn loan commitments of the Company at the reporting date are set out in Note 23.4.

The Company holds leases with the NTMA for occupancy of Treasury Dock with a 4 year term which commenced in May 2018. These leases can be terminated with 12 months advance notice during the lease term. After the initial 4 year term, a 12 month rolling extension is possible by mutual agreement between the NTMA and the Company. The future minimum lease payments are set out in the following table:

	2020 €'000	2019 €'000
Less than one year	1,893	1,900
Between one and five years	753	2,654
Total future minimum operating lease payments	**2,646**	**4,554**

31. Called up share capital

As at 31 December 2020 and 2019	Number	€
Authorised:		
Ordinary shares of € 1 each	1,000	1,000
Issued and fully paid		
Ordinary shares of € 1 each	100	100

Share capital comprises only ordinary shares. These shares do not have any special rights, preferences or restrictions attaching to them.

32. Other reserves

	Note	2020 €'000	2019 €'000
Financial assets measured at FVOCI reserve			
At 1 January		**521**	**1,925**
Changes in fair value	17	(1,206)	(1,422)
Net movement in reserve before tax	15	**(1,206)**	**(1,422)**
Deferred tax recognised in other comprehensive income	15, 26	685	18
At 31 December		**-**	**521**

Other reserves comprise the financial assets measured at fair value through other comprehensive income reserve.

Government bonds were classified as financial assets measured at fair value through other comprehensive income. Changes in fair value were recognised in reserves. No additional government bonds were acquired during the financial year. All bonds were fully matured by the reporting date.

The net movement in other reserves before tax for the year was a decrease of €1.2m (2019: €1.4m) which reflects the movement in fair value of the government bonds.

33. Retained earnings

	2020 €'000	2019 €'000
At 1 January	1,168,036	959,179
Profit for the financial year	153,179	208,857
At 31 December	**1,321,215**	**1,168,036**

34. Related party disclosures

The related parties of the Company comprise the following:

The related party Group is set out in Note 1 to the financial statements.

National Treasury Management Agency (NTMA)

The NTMA provides staff, finance, communication, technology, risk and human resources services to NAMA. The costs incurred by the NTMA are charged to NAMA (the Agency) on an actual cost basis and the Agency is reimbursed by the Company. The total of these costs for the year was €32.0m (2019: €38.8m), with a closing payable balance to the NTMA of €6.0m at end-2020 (2019: €5.6m). Further details in respect of these costs are disclosed in Note 11. The NTMA is the counterparty for the Company's derivative positions in its management of foreign exchange rate exposure. NAMA is required to post cash collateral with the NTMA under a Collateral Posting Agreement (CPA) to reduce the NTMA's exposure to the Company's derivatives. The Company acquires Exchequer Note investments that are held with the NTMA. The Company held €875m of Exchequer Notes (2019: €nil) with the NTMA at the reporting date (see Note 16).

During the year, the Company incurred costs of €100 (2019: €Nil), payable to the State Claims Agency. The closing payable balance to the State Claims Agency at end-2020 was €39 (2019: €Nil).

The Company has agreed terms with the NTMA with regard to the lease of Treasury Dock. The agreement is effective from May 2018 for a lease term of 4 years. The rent and occupancy as disclosed in Note 11 includes a deprecation charge on the right of use assets with regard to these leases of €2.8m (2019: €2.8m) and shared facilities costs of €1m (2019: €1m). The amount included in the lease liabilities in Note 28 with regard to this lease is €2.6m (2019: €4.5m). The amount included in the right of use assets in Note 27 with regard to this lease is €3.7m (2019: €6.4m).

NTMA Defined Benefit Pension Scheme

All staff are employed by the NTMA and the NTMA contributes to the NTMA Defined Benefit Pension Scheme on behalf of its employees. The pension scheme is controlled and managed by independent trustees as appointed by the NTMA. As part of the consideration for the provision of staff, the Company has made a payment of €2.6m (2019: €2.9m), representing the refund of the NTMA's contribution to the pension scheme in respect of these NAMA Officers.

Minister for Finance

The Minister for Finance (the 'Minister') established NAMA under the NAMA Act 2009. Sections 13 and 14 of the Act grant certain powers to the Minister in relation to NAMA. Section 13 provides that the Minister may issue guidelines to NAMA for the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is required to have regard to any such guidelines in performing its functions. Section 14 provides that the Minister may issue directions to NAMA concerning the achievement of the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is obliged to comply with any such direction.

The effect of these statutory provisions is that the Minister has the ability to exercise significant influence over NAMA.

Participating Institutions

During 2010, a number of legislative measures were enacted that gave the Minister rights and powers over certain financial institutions in respect of various matters of ownership, board composition, acquisition or sale of subsidiaries, business activity, restructuring and banking activity. The Participating Institutions also agreed to consult with the Minister prior to taking any material action which may have a public interest dimension.

Participating Institutions are credit institutions that were designated by the Minister, under Section 67 of the Act, as a Participating Institution. The Participating Institutions that have transferred loan assets to NAMA as at the reporting date are Allied Irish Banks p.l.c. (incorporating EBS), and Bank of Ireland.

Transactions with Participating Institutions are disclosed in the financial statements primarily under Note 19, Debtor loans measured at FVTPL and the related Income Statement notes. No loans were sold to participating institutions during 2019 or 2020.

The Company has operating accounts with Allied Irish Banks p.l.c. that have a balance of €2m (2019: €2m) at the reporting date. The average closing daily balance throughout the year was €5m (2019: €4m).

Fees payable to the Participating Institutions with respect to loan servicing costs incurred during the year are as follows:

Loan servicing costs	2020 €'000	2019 €'000
Allied Irish Bank p.l.c.	2,304	2,408
Bank of Ireland	242	265
	2,546	**2,673**

Key management personnel

No Director of the Company received any compensation in the form of fees, salary or other compensation from the Company in their capacity as Directors of the Company. All of the Company Directors, with the exception of Aidan Williams, are employed by the National Treasury Management Agency (NTMA) and received salaries as employees of the NTMA. The Directors who served during the year are also Directors of National Asset Management Agency Investment D.A.C., a fellow NAMA group company. The Directors are also Directors of a number of other NAMA group undertakings. The Directors do not consider it practical to apportion their emoluments between their qualifying services as Directors of the Company and as directors of other NAMA group undertakings. The emoluments of these Directors are disclosed in the financial statements of NAMAI. Further information on key management personnel of NAMA is included in Note 11.

Transactions with Group entities

The following are the amounts owed to and from related parties at the reporting date. All transactions with related parties are carried out on an arm's length basis.

Interest income	2020 €'000	2019 €'000
Interest income due from NAJV A	623	1,815
Interest income due from NASLLC	25	59
Interest income due from PB	11,960	6,013
Interest income due from PWH	1,498	759
Total intergroup interest income	**14,106**	**8,646**

Net gain on intergroup loans measured at FVTPL	2020 €'000	2019 €'000
Interest income due from NARPS	12,396	83,417
Interest income due from NANQ	34,445	40,066
Fair value loss on NAPM intergroup loan	(6,332)	-
Total net gain on intergroup loans measured at FVTPL	**40,509**	**123,483**

Interest expense	2020 €'000	2019 €'000
Interest expense due to NAMGS	50,259	50,123
Negative interest on loan to NAMA	181	154
Total intergroup interest expense	**50,440**	**50,277**

Operating expense	2020 €'000	2019 €'000
Recharges from NAMA	31,996	38,809
Rent and occupancy costs recharged from NAMA	1	2,019
Total intergroup operating expenses	**31,997**	**40,828**

Details of this recharge are given in Note 11.

Intergroup receivable balances	2020 €'000	2019 €'000
Receivable from NAMGS at amortised cost	237	481
Loan receivable from NAMA at amortised cost	53,336	53,272
Receivable from NAMAI at amortised cost	-	94
Loan receivable from NANQ at FVTPL	38,805	53,145
Receivable from NANQ at amortised cost	105	22
Other receivables from NAMA at amortised cost	9,448	9,360
Loan receivable from NAPM at FVTPL	200	6,532
Other receivable from NAPM at amortised cost	-	68
Loan receivable from NASLLC at amortised cost	-	357
Other receivables from NASLLC at amortised cost	-	343
Loan receivable from NARPS at FVTPL	290,013	290,666
Other receivables from NARPS at amortised cost	657	159
Loan receivable from NAJV A at amortised cost	6,498	6,565
Other receivable from NAJV A at amortised cost	572	535
Loan receivable from PB at amortised cost	159,971	148,011
Other receivable from PB at amortised cost	328	171
Loan receivable from PWH at amortised cost	20,044	18,546
Other receivable from PWH at amortised cost	8	-
Other receivable from PV at amortised cost	6	-
Total intergroup receivable balances	**580,228**	**588,327**

The Company also has an intercompany receivable balance from NAMS of €20 (2019: €20) and NAMGS of €100 (2019: €100).

The gross loan receivable and expense receivable from NASLLC are €1.3m and €0.5m respectively (2019: €2.3m and €0.3m). Both these receivables are fully impaired at year end. The gross loan receivable from NAPM is €6.5m (2019: €6.5m) with a fair value loss recognised of €6.3m (2019: €Nil).

Intergroup loan	2020 €'000	2019 €'000
Loan payable to NAMGS	1,002,321	1,002,455
Loan interest payable to NAMGS	321,697	3,447,033
Total intergroup loan	**1,324,018**	**4,449,488**

Intergroup payable balances	2020 €'000	2019 €'000
Payable to NAMA – other	13,593	13,520
Other payable to NAPM	8	-
Total intergroup payable balances	**13,601**	**13,520**

35. Tax payable

	2020 €'000	2019 €'000
Professional services withholding tax and other taxes payable	722	1,147

36. Events after the reporting date

(a) Covid-19 Restrictions

On 6 January 2021, the Irish Government announced a further set of restrictions in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of private housing that was to be completed by 31 January 2021 and social housing to be completed by 28 February 2021. While all construction work has been permitted to recommence from 4 May 2021, there continues to be some uncertainty as to the extent that the impact of the Covid-19 pandemic will have on the markets that the Company and its subsidiaries operate in. The Company continues to take steps to limit the negative operational and financial impacts of the pandemic.

(b) Pembroke Transaction

On 4 June 2021 PV, PB and PWH ceased to be NAMA group entities following completion of a transaction whereby a consortium consisting of Ronan Group Real Estate, funds managed by Oaktree and Oaktree affiliate Lioncor Developments Limited, subscribed for the majority 80% shareholding in PV.

This transaction resulted in the repayment of the Company's intergroup loans that had been advanced to these entities. As part of the transaction, the Company advanced a new loan to PB.

(c) Dividends

On 21 June 2021 the Board of directors of the Company declared a dividend of €805m to NAMGS.

37. Approval of financial statements

The financial statements were approved by the Board and authorised for issue on 21 June 2021.

National Asset Loan Management D.A.C.
Glossary of terms

Collateral A borrower's pledge of specific property to a lender, to be forfeited in the event of default.

Counterparty The party with whom a contract or financial transaction is effected.

Current Market Value The estimated amount for which a property would exchange between a willing buyer and seller in an arm's-length transaction.

Debtor A borrower, whose loans were deemed eligible and those loans have transferred to the Company. The borrower is referred to by the Company as a debtor. A debtor connection is a group of loans that are connected to a debtor.

Deferred payment initiative The residential mortgages 80:20 Deferred payment initiative was launched in 2012 to facilitate first-time buyers and other owner-occupiers who wish to purchase a home and encourage activity in the housing market. The initiative offered limited price protection to buyers for a period of five years. NAMA does not own the properties or issue the mortgages. Three of the Irish banks participated in the scheme.

Derivative A derivative is a financial instrument that derives its value from an underlying item e.g. interest rates or currency, and can be used to manage risks associated with changes in the value of the underlying item.

Discount Rate The rate used to discount future cash flows to their present values.

Due Diligence A comprehensive appraisal of a business especially to establish the value of its assets and liabilities. There are two types of due diligence carried out by the Company, Legal and Property due diligence.

Enforcement Proceedings Proceedings to compel compliance with legal contracts.

Equity Instrument Any contract that results in a residual interest in the assets of an entity after deducting all of its liabilities.

Euribor The Euro Interbank Offered Rate is the rate at which euro interbank deposits are offered by one prime bank to another within the Eurozone.

Floating Rate An interest rate that changes periodically as contractually agreed.

Foreign Exchange Derivative / Cross Currency Swap A financial contract where the buyer and seller agree to swap floating cash flows between two different currencies, during a defined period of time.

Garden Leave A period of time, typically the notice period, where an employee leaving NAMA may be relieved from duty as an officer of NAMA until the expiry of their notice period. During any period of garden leave the NTMA continues to pay remuneration until the expiry date of the notice period.

Hedge Entering into an agreement to manage the risks of adverse changes in the price of an asset or liability.

Inventories Properties acquired by NAMA and held on its statement of financial position.

Land and Development Loan Land and development loans include loans on land which have been purchased for the purpose of development, and loans secured on partly developed land.

Loan commitments Balance of credit NALM has committed to extend to customers.

Mark-to-Market Value The price or value of a security, portfolio or account that reflects its current market value rather than its book value.

OTC Over the Counter, refers to derivatives that are not traded on a recognised exchange.

Participating Institution A Credit Institution that has been designated by the Minister under *Section 67* of the Act as a Participating Institution, including any of its subsidiaries that has not been excluded under that section.

Present Value A value on a given date of a future payment or series of future payments, discounted to reflect the time value of money and other factors such as investment risk.

Primary Servicer A Participating Institution managing debtors on NAMA's behalf within authority limits approved by the NAMA Board.

Profit Participating Loan A loan that provides the lender with a return that depends, at least in part, on the profitability of the borrower.

QIAIF - Qualifying Investor Alternative Investment Fund This is a regulated, specialist investment fund targeted at professional and institutional investors, who must meet minimum subscription and eligibility requirements.

Security Includes (*a*) a Charge, (*b*) a guarantee, indemnity or surety, (*c*) a right of set-off, (*d*) a debenture, (*e*) a bill of exchange, (*f*) a promissory note, (*g*) collateral, (*h*) any other means of securing—the payment of a debt, or the discharge or performance of an obligation or liability, and (*i*) any other agreement or arrangement having a similar effect.

Short term treasury bonds Irish government treasury bonds acquired for liquidity management.

Special Purpose Vehicle A legal entity created to fulfil a narrow, specific or temporary well defined objective.

Subordinated Debt Debt which is repayable only after other debts have been repaid. NAMA pays 5% of the purchase price of the loans it acquires in the form of subordinated bonds.

National Asset Management Designated Activity Company

Directors' Report and Financial Statements for the financial year ended 31 December 2020

National Asset Management D.A.C.
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National Asset Management D.A.C.
Directors and other information

Directors

Brendan McDonagh
Alan Stewart
Aidan Williams

Secretaries and Registered Office

Deirdre McCabe (resigned 30 March 2021)
Gillian Joyce (Assistant Secretary, resigned 18 June 2020)
Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021)
Majella Galligan (Assistant Secretary, appointed 30 March 2021)

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Dublin 2
D02 A339

The Directors of National Asset Management D.A.C. (the 'Company') present their report and audited financial statements for the financial year ended 31 December 2020.

The financial statements are set out on pages 14 to 35.

Principal activity of the Company

The Company was responsible for issuing the government guaranteed debt instruments and the subordinated debt, which were used as consideration in acquiring loan assets. The Company is a National Asset Management Agency (NAMA) Group Entity.

Directors' Responsibility Statement

The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the NAMA Act 2009 (the 'Act'), and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Irish company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting records

The measures that the Directors have taken to secure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of adequate accounting records are the use of the services of appropriately qualified accounting personnel and the maintenance of appropriate accounting systems. The Company's accounting records are maintained at the Company's registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

Business review, results and dividends

The Company was responsible for issuing the government guaranteed debt instruments and the subordinated debt, which were used as consideration in acquiring loan assets. The government guaranteed debt securities issued by National Asset Management D.A.C. (NAM) were listed on the Irish Stock Exchange until their redemption in full in 2017.

The government guaranteed debt instruments and the subordinated debt instruments were transferred to National Asset Management Group Services D.A.C. (NAMGS) and by NAMGS to National Asset Loan Management D.A.C. (NALM).

NALM used the beneficial interest in these securities to acquire a number of tranches of loans from Participating Institutions in accordance with the requirements of the NAMA Act 2009 (the 'Act').

The principal activity in the financial year occurred between NAM and NAMGS under the terms of the profit participating loan agreements. The net decrease in the profit participating loan balance in 2020 was €3.1bn (2019: net increase €5.9m).

On 1 March 2020, the Company called the subordinated debt on the first call date and all the remaining subordinated debt of €1.064bn was redeemed in full on 2 March 2020.

No dividends were proposed or were paid in the financial year (2019: € Nil).

The Company had no employees during the financial year (2019: none).

Financial and non-financial key performance indicators (KPIs)

The critical KPIs of the Company are those selected by the NAMA Group Board to monitor its success in meeting NAMA's stated objectives at a Group Level. Critical key performance indicators include cash generation, disposal receipts, non-disposal income and debt redemption.

Other performance indicators include:

- macro and micro economic market conditions;
- movement in the value of the assets in the underlying loan portfolios; and
- whether appropriate market conditions exist to maximise gains on sales.

Impact of Covid-19

The Covid-19 pandemic and associated restrictions have had a material effect on economic activity world-wide. From the Company's and its subsidiaries' perspective, the restrictions have impacted demand for certain classes of collateral assets as well as progress in relation to the Company's underlying subsidiaries' residential and commercial delivery programmes. Site closures, impacts to supply chains and physical distancing measures have resulted in unavoidable delays to construction projects across both the residential and commercial sectors. Accordingly, the 2020 residential delivery target was revised downwards.

Notwithstanding this, the Company's and its subsidiaries' 2020 financial performance and net cash generation remained strong with the Company and its subsidiaries continuing to make progress toward the achievement of their key strategic objectives and the revised residential delivery target was exceeded for the year. Additionally, key milestones for 2020 were achieved as NAM redeemed its remaining subordinated debt and NAMA purchased the private investors shareholding enabling the transfer of €2 billion of the projected lifetime surplus to the Exchequer. There remains significant uncertainty as to the full economic impact of the pandemic and the Company and its subsidiaries continue to make every effort to mitigate the financial and other impacts using measures under their control. The approach to the valuation of financial assets in the context of Covid-19 has been comprehensive and conservative with prudent assumptions applied to key inputs.

Future development

The Company will continue in its current business for the foreseeable future.

Going concern assessment

The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions

including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. Further details on the going concern assessment is in Note 2.1.

Events after the reporting date

(a) Covid-19 Restrictions
On 6 January 2021, the Irish Government announced a further set of restrictions in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of private housing that was to be completed by 31 January 2021 and social housing to be completed by 28 February 2021. While all construction work has been permitted to recommence from 4 May 2021, there continues to be some uncertainty as to the extent that the impact of the Covid-19 pandemic will have on the markets that the Company and its subsidiaries operate in. The Company continues to take steps to limit the negative operational and financial impacts of the pandemic.

(b) Dividends
On 21 June 2021, the Board of directors of NAMGS declared a dividend of €800m to the Company.

Risk management

The Company is exposed to principal risks which have the potential to have a significant impact on the achievement of the Company's overall strategic objectives.

- Domestic or international macroeconomic or financial shock;
- Material loss of human capital;
- A failure to deliver Dublin Docklands or Poolbeg SDZ plans;
- A failure to deliver Residential Delivery plans; and
- Reputational damage.

The principal risks remain under constant review by NAMA's Risk Management Committee and any changes (including the impact of Covid-19) are reported to the NAMA Board. In April 2020, the Board approved a Risk Appetite Statement for each of the Principal Risks which defines the propensity for the NAMA Group to take certain risks in order to achieve its strategic objectives. The Board reviewed and approved the Principal Risks in November 2020 which included subrisks around the pandemic.

The Company is exposed to financial risks such as credit risk and liquidity risk in the normal course of business. These risks are managed in accordance with the overall NAMA Group risk assessment policy as set out by the NAMA Board.

Its exposure to these risks arises from its balances with related entities. Credit risk is the risk that amounts receivable from related entities will not be repaid in full. Liquidity risk is the risk that the entity will not be able to meet its liabilities as they fall due. Further details on how the Company manages these financial risks are given in Note 7 of the financial statements.

Directors and Secretaries

The Directors who served during the financial year are Brendan McDonagh, Alan Stewart and Aidan Williams.

The Secretaries, who served during the financial year, are Deirdre McCabe (Secretary, resigned 30 March 2021), Gillian Joyce (Assistant Secretary resigned 18 June 2020) and Deirdre O'Sullivan (Assistant Secretary, appointed Secretary 30 March 2021).

Directors' and Secretaries' interests in shares

The Directors and Secretaries in office at 31 December 2020 had no beneficial interests (2019: none) in the share capital of the Company or any other National Asset Management Agency Investment D.A.C. (NAMAI) Group Company. In addition the Directors have complied with Section 30 of the

National Asset Management Agency Act 2009 in relation to the disclosure of beneficial interests in the Company.

Directors' Compliance Statement

As required by Section 225 of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations" (as defined in that legislation and Tax Laws). The Directors confirm that:

- a compliance policy statement (as defined in section 225(3)(a)) has been drawn up;
- appropriate arrangements and structures that are, in the Directors' opinion, designed to secure material compliance with the relevant obligations have been put in place; and
- a review of those arrangements and structures has been conducted in the financial year to which this report relates.

Audit Committee

An Audit Committee has been established by NAMA which also covers the activities of the Company. The Audit Committee is responsible for the review of the financial reporting process, the system of internal control, the audit process, the processes, procedures and practices and for ensuring compliance with all relevant legal, regulatory and taxation requirements as they affect the NAMA Group and the Company.

Disclosure of Information to Auditors

In so far as each of the Directors in office at the date of approval of the financial statements is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Auditors

The Comptroller and Auditor General is the Company's auditor by virtue of Section 57 of the Act.

Pursuant to the requirements of the Companies Act 2014, NAMA is required to separately appoint a statutory auditor in respect of companies within the NAMA Group which are deemed to be trading for gain. As the NAMAI Group operates to return dividends to its shareholder it is deemed to be trading for gain. As such, Mazars, Chartered Accountants and Statutory Audit Firm, were appointed as statutory auditors of the Company on 1 June 2017 in accordance with section 382(1) of the Companies Act 2014. Mazars have indicated willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Asset Management Designated Activity Company

Opinion on the financial statements

I have audited the financial statements of National Asset Management Designated Activity Company (the company) for the year ended 31 December 2020 as required under the provisions of section 57 of the National Asset Management Agency Act 2009. The financial statements comprise

- the statement of comprehensive income
- the statement of financial position
- the statement of changes in equity
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion,

- the financial statements give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2020 and of its profit for 2020, and
- the financial statements have been properly prepared in accordance with the financial reporting framework set out in note 2.2 of the notes to the financial statements.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis, as explained in note 2.1.

As described in the appendix to this report, I conclude on

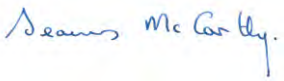
- the appropriateness of the use by the directors of the going concern basis of accounting, and
- whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

I have nothing to report in that regard.

Report on information other than the financial statements, and on other matters

The directors have presented a report with the financial statements. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



Seamus McCarthy
Comptroller and Auditor General

25 June 2021

Appendix to the report

Responsibilities of the directors

As detailed in the directors' report, the directors are responsible for

- the preparation of the financial statements under the National Asset Management Agency Act 2009 and in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with the financial reporting framework set out in note 2.2 of the financial statements
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 57 of the National Asset Management Agency Act 2009 to audit the financial statements of the company and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

mazars

Independent auditor's report to the

Members of National Asset Management DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Asset Management DAC ('the Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the Company financial statements, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the European Union ("EU").

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Emphasis of matter

We draw attention to note 2.1 of the financial statements, which describes the Company's ability to continue as a going concern. The directors have set out in this note the basis upon which they believe it is appropriate to prepare the financial statements on a going concern basis.

Our opinion is not modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibility statement out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

mazars

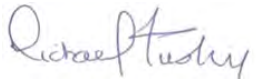
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Tuohy

for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre,
Block 3
Harcourt Road
Dublin 2
Date: 25 June 2021

National Asset Management D.A.C.
Statement of comprehensive income
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Net gain on intergroup loan measured at FVTPL	3	51,924	62,336
Interest expense	4	(250)	(250)
Operating profit before income tax		**51,674**	**62,086**
Tax charge	5	-	(42)
Operating profit after tax		**51,674**	**62,044**
Other comprehensive income		-	-
Total comprehensive income for the financial year		**51,674**	**62,044**

The accompanying notes form an integral part of these financial statements.

All results are from continued operations.

National Asset Management D.A.C.
Statement of financial position
As at 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Assets			
Intergroup loan measured at FVTPL	6	1,347,560	4,470,511
Other assets	9	-	1,972
Total assets		**1,347,560**	**4,472,483**
Liabilities			
Other liabilities	10	1,584,071	3,640,612
Total liabilities		**1,584,071**	**3,640,612**
Total equity and reserves			
Other equity	14	-	1,064,000
Retained losses	12	(236,511)	(232,129)
Total equity and reserves		**(236,511)**	**831,871**
Total equity and liabilities		**1,347,560**	**4,472,483**

The accompanying notes form an integral part of these financial statements.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

National Asset Management D.A.C.
Statement of changes in equity
For the financial year ended 31 December 2020

	Note	Share capital €'000	Other equity €'000	Retained losses €'000	Total equity €'000
Balance as at 1 January 2020		**-**	**1,064,000**	**(232,129)**	**831,871**
Profit for the financial year		-	-	51,674	**51,674**
Total comprehensive income		**-**	**-**	**51,674**	**51,674**
Coupon paid on subordinated bonds	12	-	-	(56,009)	**(56,009)**
Redemption of subordinated bonds	14	-	(1,064,000)	-	**(1,064,000)**
Transaction costs	12	-	-	(47)	**(47)**
Balance as at 31 December 2020		**-**	**-**	**(236,511)**	**(236,511)**

		Share capital €'000	Other equity €'000	Retained losses €'000	Total equity €'000
Balance as at 1 January 2019		**-**	**1,064,000**	**(238,164)**	**825,836**
Profit for the financial year		-	-	62,044	**62,044**
Total comprehensive income		**-**	**-**	**62,044**	**62,044**
Coupon paid on subordinated bonds	12	-	-	(56,009)	**(56,009)**
Balance as at 31 December 2019		**-**	**1,064,000**	**(232,129)**	**831,871**

The accompanying notes form an integral part of these financial statements.

National Asset Management D.A.C
Statement of cash flows
For the financial year ended 31 December 2020

The Company has no bank accounts and there were no cash transactions during the current or prior financial year.

1. General Information

The proposed creation of the National Asset Management Agency (NAMA) was announced in the Minister for Finance's Supplementary Budget on 7 April 2009 and the NAMA Act 2009 (the 'Act') was passed in November 2009.

The Act established NAMA as a separate statutory body, with its own Board and Chief Executive Officer ("CEO") appointed by the Minister for Finance in December 2009. The NAMA Board and all committees established by the NAMA Board are also responsible for the oversight and governance of all NAMA Group entities. National Asset Management D.A.C. (the 'Company') is a subsidiary of NAMA.

The Company's immediate parent is National Asset Management Agency Investment D.A.C ('NAMAI'), a company incorporated in Ireland. The Company is ultimately controlled by NAMA. Until 26 May 2020 NAMA owned 49% of the Company's ultimate parent, NAMAI. The remaining 51% of the shares of NAMAI were held by private investors. Under the terms of a shareholders' agreement between NAMA and the private investors, NAMA could exercise a veto over decisions taken by NAMAI. As a result of this veto, the private investors' ability to control the financial and operating policies of NAMAI was restricted and NAMA had effective control of NAMAI and its subsidiaries. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI. The smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared is NAMA.

The Company was incorporated on 27 January 2010. The Company was responsible for issuing the government guaranteed debt instruments and the subordinated debt, which were used as consideration in acquiring loan assets. The Government guaranteed debt securities issued by NAM were listed on the Irish Stock Exchange until their redemption in full in 2017. In March 2020, the subordinated debt was fully redeemed. The government guaranteed debt instruments and the subordinated debt instruments, issued in respect of the original loan portfolio, were transferred to NAMGS and by NAMGS to NALM. The latter used these debt instruments as consideration for the loan assets acquired from the Participating Institutions.

The Company acts as the holding company for fourteen subsidiaries at the reporting date:

1) *National Asset Management Group Services D.A.C. (NAMGS)*

NAMGS acts as the holding company for its thirteen subsidiaries: NALM, NANQ, NAMS, NAJV A, NAPM, NARPS, PV, PB, PWH, NASLLC, NALHL (in Voluntary Liquidation), RLHC and RLHC II.

NAMGS was incorporated on 27 January 2010. NAMGS acquired certain debt instruments issued by the Company under a profit participating loan ('PPL') agreement, and in turn, made these debt instruments available to NALM on similar terms. NAMGS is wholly owned by the Company.

2) *National Asset Loan Management D.A.C. (NALM)*

NALM was incorporated on 27 January 2010. The purpose of NALM is to acquire, hold, and manage the loan assets acquired from the Participating Institutions. NALM has one subsidiary, NANQ.

3) *National Asset North Quays D.A.C. (NANQ)*

NANQ was incorporated on 8 April 2015. NANQ is a 100% wholly owned subsidiary of NALM and was established to hold the freehold lands acquired by NAMA at 72-80 North Wall Quay, Dublin 1 in February 2015 and to receive proceeds from a secure income stream from the lands in the form of a licence fee. The licence was granted to a third party for a period of six years to enable the development of the site for long-term commercial benefit. In addition to the secure income stream, a fixed percentage of rents and a percentage of sales proceeds of any completed development to be built on the lands are due to NANQ.

4) National Asset Management Services D.A.C. (NAMS)

NAMS was incorporated on 27 January 2010. Previously a non-trading entity, NAMS acquired a 20% shareholding in a general partnership associated with a NAJV A investment during 2013.

5) National Asset JV A D.A.C. (NAJV A)

On 4 July 2013, NAMA established a subsidiary, NAJV A. NAJV A is a wholly owned subsidiary of NAMGS. NAMA entered a joint venture arrangement with a consortium whereby a 20% interest in a limited partnership was acquired, and NAJV A was established to facilitate this transaction. Since its incorporation, NAJV A has invested in other joint arrangements with third parties where it has taken a minority, non-controlling equity interest in an investee to facilitate the delivery of commercial and residential real estate property.

6) National Asset Property Management D.A.C. (NAPM)

NAPM was incorporated on 27 January 2010. The purpose of NAPM is to take direct ownership of assets if and when required.

NAPM has five subsidiaries: NARPS, NASLLC, NALHL (in Voluntary Liquidation), RLHC and RLHC II.

7) National Asset Residential Property Services D.A.C. (NARPS)

On 18 July 2012 NAMA established a subsidiary NARPS. NARPS is a wholly owned subsidiary of NAPM, and was established to acquire residential properties and to lease and ultimately sell these properties to approved housing bodies and county councils for social housing purposes. On 28 September 2019, the Minister of Finance issued a direction to NAMA to retain ownership of NARPS. NARPS is to remain in State ownership and the value attributable may form part of any potential transfer of assets as part of the surplus transfer.

A total of 2,614 (2019: 2,605) residential properties were delivered to the social housing sector by NAMA debtors from inception to the reporting date, of which 2,580 (2019: 2,569) were completed and contracts on a further 34 (2019: 36) properties (for both direct sale and through NARPS) were exchanged by the reporting date. Completed units delivered since inception include the direct sale of 1,119 (2019: 1,110) properties by NAMA debtors and receivers to various approved housing bodies and/or local authorities, the direct leasing of 89 (2019: 89) properties by NAMA debtors and receivers and the acquisition by NARPS of 1,372 (2019: 1,370) properties for lease to approved housing bodies.

8) *National Asset Sarasota Limited Liability Company (NASLLC)*

On 1 August 2013, NAMA established a US subsidiary, NASLLC. NASLLC is a wholly owned subsidiary of NAPM, and was established to acquire property assets located in the US following insolvency processes. Since its acquisition, NASLLC has acquired two assets located in the US and subsequently sold these assets.

9) Pembroke Ventures D.A.C (PV)

On 19 July 2019, PV was acquired to hold NAMA's interest in PB and PWH, which became subsidiaries of PV on 26 July 2019. In July 2019, NAMA invited interested parties, through an open market process, to subscribe for a majority 80% shareholding in PV. This process completed in December 2020, with a consortium consisting of Ronan Group Real Estate, funds managed by Oaktree Capital Management, L.P. ("Oaktree") and Oaktree affiliate Lioncor Developments Limited, subscribing for the majority 80% shareholding in PV. This transaction completed on 4 June 2021 and PV ceased to be a NAMA Group entity as at that date.

10) Pembroke Beach D.A.C (PB)

On 5 April 2019, PB was established to hold land in Poolbeg West SDZ. PB was a 100% wholly owned subsidiary of NAMGS until 26 July 2019, when it became a 100% wholly owned subsidiary of PV. On 4 June 2021, PB ceased to be a NAMA Group entity.

11) Pembroke West Homes D.A.C (PWH)

On 5 April 2019, PWH was established to hold land in Poolbeg West SDZ. PWH was a 100% wholly owned subsidiary of NAMGS until 26 July 2019, when it became a 100% wholly owned subsidiary of PV. On 4 June 2021, PWH ceased to be a NAMA Group entity.

12) National Asset Leisure Holdings Limited (In Voluntary Liquidation) (NALHL)

On 10 January 2014, NAMA established a subsidiary, NALHL (in Voluntary Liquidation). NALHL (in Voluntary Liquidation) is a wholly owned subsidiary of NAPM and was established to acquire 100% of the share capital of two Portuguese entities, RLHC and RLHC II.

The establishment of these entities was required to facilitate the legal restructure of a number of entities with Portuguese property assets. Following the completion of the legal restructure, NALHL (in Voluntary Liquidation) was placed into liquidation on 18 December 2014. The control of NALHL (in Voluntary Liquidation) is with the liquidator who will realise the assets of NALHL (in Voluntary Liquidation).

13) and 14) RLHC Resort Lazer SGPS, S.A. (RLHC), RLHC Resort Lazer II SGPS, S.A. (RLHC II)

On 5 February 2014, NAMA established two new subsidiaries, RLHC and RLHC II. RLHC and RLHC II are wholly owned subsidiaries of NALHL (in Voluntary Liquidation) and acquired 90% and 10% respectively of the share capital of a number of Portuguese entities, following the legal restructure of the debt owed by these entities.

With the exception of RLHC and RLHC II, the address of the registered office of each company at the reporting date is Treasury Dock, North Wall Quay, Dublin 1. Each company is incorporated and domiciled in the Republic of Ireland, except for NASLLC, which is incorporated and domiciled in the US and RLHC I and RLHC II which are incorporated and domiciled in Portugal. The address of the registered office of RLHC and RLHC II is Rua Garrett, N°. 64, 1200-204 Lisbon, Portugal.

2. Summary of significant accounting policies

2.1 Going concern

The financial statements for the financial year ended 31 December 2020 have been prepared on a going concern basis as the Directors are satisfied, having considered the principal risks and uncertainties impacting the Company including those related to Covid-19, that it has the ability to continue in business for the period of assessment. The period of assessment used by the directors is twelve months from the reporting date of these annual financial statements.

The Company's total liabilities exceed its total assets by €237m at 31 December 2020.

The Company has entered into a profit participating loan as borrower with NAMA. The balance outstanding on the intergroup loan at the reporting date is €1.5bn.

Under the terms of the agreement, the profit participating loan is payable on demand.

The Company has obtained a confirmation from NAMA that it does not intend to demand repayment of the outstanding balance due under the profit participating loan agreement, at any time up to and including twelve months from the date the financial statements are signed.

The Board of NAMA have confirmed that NAMA will provide the Company with full financial support for twelve months from the date the financial statements are signed, in order to enable the Company to meet its liabilities as they fall due and continue in operational existence for the foreseeable future. The Board of NAMA have confirmed that NAMA has access to adequate cash balances to support the Company.

On this basis, the Directors are satisfied that the Company will have access to adequate resources to continue its operations for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis.

2.2 Basis of compliance and measurement

The Company's financial statements for the financial year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, the NAMA Act 2009 and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The Company has claimed exemption under IFRS 10.4 not to prepare consolidated accounts as its results and the results of its subsidiaries are presented in the consolidated financial statements of NAMA. NAMA's consolidated financial statements are available at its registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

The financial statements have been prepared under the historical cost convention, except for intergroup loans which are have been measured at fair value.

The financial statements are presented in euro (€), which is the Company's presentational and functional currency. The figures shown in the financial statements are stated in € thousands (€'000s) unless otherwise stated.

No cash flow statement is provided for the Company. All cash movements are made through National Asset Loan Management D.A.C. (NALM).

In accordance with IAS 1 Presentation of Financial Statements, assets and liabilities are presented in order of liquidity.

2.3 Changes in significant accounting policies

There have been no new standards, interpretations or changes in significant accounting policies that have had an effect on the Company's financial statements for the year ended 31 December 2020.

2.4 IFRS Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations have been issued but are not yet effective. The Company has not early adopted them in preparing these financial statements. Of these standards that are not yet effective, none are expected to have a significant impact on the Company's financial statements in the period of initial application.

2.5 Financial assets

Recognition and initial measurement

The Company recognises financial assets in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at fair value. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss. Other than financial assets at FVTPL, transaction costs that are directly attributable to the acquisition or issue of financial assets are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and Subsequent Measurement

Subsequent to initial recognition, a financial asset is classified and subsequently measured at
(a) Amortised cost;
(b) Fair value through other comprehensive income (FVOCI); or
(c) Fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Company may irrevocably designate an equity instrument as FVOCI. The election to designate an investment in an equity instrument at FVOCI is made on an instrument-by instrument basis.

Any financial asset that does not qualify for amortised cost measurement or measurement at FVOCI must be measured subsequent to initial recognition at FVTPL except if it is an investment in an equity instrument designated at FVOCI. The Company may irrevocably elect on initial recognition to designate a financial asset at FVTPL if the designation eliminates or significantly reduces an accounting mismatch that would have occurred if the financial asset had been measured at amortised cost or FVOCI.

Contractual cash flows are solely payments of principal and interest assessment
For the purpose of the solely payments of principal and interest ("SPPI") assessment, principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Business model assessment
The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Company considers the following information when making the business model assessment:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

(a) Amortised Cost
The Company has classified and measured other assets at amortised cost less any expected credit loss allowance.

(b) Fair value through profit & loss
Due to their cash flow characteristics and the business model for managing the asset, the Company has classified and measured intergroup loans at FVTPL on the basis that they are profit participating. These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in the statement of comprehensive income. Fair value is determined in the manner described in Note 2.12.

2.6 Financial liabilities

The Company recognises financial liabilities in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are measured initially at fair value. The Company classifies and subsequently measures its financial liabilities at amortised cost, with any difference between the proceeds net of transaction costs and the redemption value recognised in the statement of comprehensive income using the effective interest method. Where financial liabilities are classified as FVTPL, gains and losses arising from subsequent changes in fair value are recognised directly in the statement of comprehensive income.

2.7 De-recognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.8 Investments in subsidiary undertakings

Investments in subsidiary undertakings have been accounted for at cost in accordance with IAS 27 *Consolidated and Separate Financial Statements*.

2.9 Fair value gains/losses on intergroup loan measured at fair value through profit and loss

Fair value gains/(losses) on intergroup loan measured at FVTPL includes all gains and losses from changes in the fair value of the intergroup loan measured at FVTPL. The Company has elected to present the full fair value movement in this line, including the impact of net cash collections in the period.

2.10 Interest income and interest expense

Interest income and interest expense for all interest-bearing financial instruments other than those accounted for at FVTPL is recognised as interest income and interest expense in the statement of comprehensive income using the effective interest method ("EIR") method.

The EIR method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

2.11 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

(a) Current income tax
Current income tax is the expected tax payable on the taxable income for the financial year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Current income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise.

The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group assesses, on an annual basis only, the deferred tax relating to unutilised tax losses.

2.12 Determination of fair value

The Company measures fair value in accordance with IFRS 13 which defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date, regardless of whether that price is directly observable or estimated using another valuation technique.

Financial instruments are initially recognised at fair value and, with the exception of financial assets measured at fair value through profit or loss, the initial carrying amount is adjusted for direct and incremental transaction costs. In the normal course of business, the fair value on initial recognition is the transaction price (fair value of consideration given or received).

Subsequent to initial recognition, fair values are determined using valuation techniques. These valuation techniques maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation techniques used incorporate the factors that market participants would take into account in pricing a transaction. Valuation techniques include the use of recent orderly transactions between market participants, reference to other similar instruments, option pricing models, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Valuation techniques

In the case of loans measured at FVTPL, the fair value of these instruments is determined with input from management and using internally generated valuation models based on selected comparable market data points. The majority of the significant inputs into these models are not readily observable in the market and the inputs are therefore derived from market prices for similar assets or estimated based on certain assumptions. The determination of key inputs used such as the timing and amount of expected future cash flows on the financial asset and the appropriate discount rates applicable require management judgement and estimation.

All adjustments in the calculation of the present value of future cash flows are based on factors market participants would take into account in pricing the financial instrument.

Certain financial instruments (both assets and liabilities) may be valued on the basis of valuation techniques that feature one or more significant market inputs that are not observable. When applying a valuation technique with unobservable data, estimates are made to reflect uncertainties in fair values resulting from a lack of market data. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on non-observable data are inherently uncertain because there is little or no current market data available from which to determine the price at which an orderly transaction between market participants would occur under current market conditions.

The calculation of fair value for any financial instrument may require adjustment of the valuation technique output to reflect the cost of credit risk, if market participants would include one, where these are not embedded in underlying valuation techniques.

2.13 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognised in profit or loss if the carrying amount exceeds its recoverable amount.

3. Net gains on intergroup loan measured at FVTPL

	2020 €'000	2019 €'000
Interest income on profit participating loan to NAMGS	51,924	62,336

The Company assesses the classification and measurement of each financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing that asset. The intergroup loan held is classified as 'Intergroup loan measured at fair value through profit or loss' under IFRS 9. See Note 6 for further details on intergroup loans measured at FVTPL held by the Company at the reporting date.

4. Interest expense

	2020 €'000	2019 €'000
Interest charged on loan from NAMAI	250	250

5. Tax charge

The Company is a qualifying entity within the meaning of Section 110 of the Taxes Consolidation Act. As such profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions of Case I of Schedule D.

The reconciliation of tax on profit at the relevant Irish corporation rate to the Company's actual tax charge for the financial year is as follows:

Reconciliation of tax on profits	**2020 €'000**	**2019 €'000**
Profit before tax	51,674	62,086
Tax calculated at a tax rate of 25%	12,919	15,521
Effect of:		
Additional deductible expenditure	(14,002)	(14,002)
Tax losses not utilised/(utilised)	1,083	(1,519)
Prior year adjustments	(42)	-
Withholding tax charge	42	42
Tax charge	**-**	**42**

The corporation tax rate applicable to the Company's income is 25%.

The Company has no tax-related contingent liabilities and contingent assets in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. No significant effects arise from changes in tax rates or tax laws after the reporting period.

6. Intergroup loans measured at FVTPL	**2020 €'000**	**2019 €'000**
Profit participating loan to NAMGS	**1,347,560**	**4,470,511**

The above reflects the carrying value of the profit participating loan to NAMGS at the reporting date which has been classified and measured at fair value through profit or loss.

7. Risk management

The Company is exposed to credit risk and liquidity risk in the normal course of business. Its exposure to these risks arises from its balances with related entities. Credit risk is the risk that amounts receivable from related entities will not be repaid in full. Liquidity risk is the risk that the entity will not be able to meet its liabilities as they fall due.

The Company is exposed to credit risk of €1.3bn (2019: €4.5bn). The maximum exposure to credit risk is deemed to be the value of the intergroup receivables of €1.3bn (2019: €4.5bn).

The intergroup loan facility with NAMAI is repayable in 2021.

These risks are managed in accordance with the overall NAMA Group risk assessment policy as set out by the NAMA Board.

7.1 Non-derivative cash flows

The following table presents the cash flows payable by the Company on foot of its non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative cash flows 2020	0-6 months €'000	Total €'000
Liabilities		
Other liabilities	1,584,071	1,584,071

Non-derivative cash flows 2019	0-6 months €'000	Total €'000
Liabilities		
Other liabilities	3,640,612	3,640,612

The Company is not exposed to any other price risk.

7.2. *Information regarding the credit quality of financial instruments*

The credit quality of the financial instrument amounts at 31 December 2020 have been graded satisfactory (2019: satisfactory) and are not past due or impaired.

8. Fair value of financial assets and liabilities

(a) Comparison of carrying value to fair value

The following table summarises the carrying amounts and fair values of financial assets and liabilities presented on the Company's statement of financial position at amortised cost.

As at 31 December	2020 Carrying value €'000	2020 Fair value €'000	2019 Carrying value €'000	2019 Fair value €'000
Assets				
Intergroup loan measured at FVTPL	1,347,560	1,347,560	4,470,511	4,470,511
Total assets	**1,347,560**	**1,347,560**	**4,470,511**	**4,470,511**
Liabilities				
Loan principal and accrued interest due to NAMAI	104,178	104,178	104,056	104,056
Intergroup liabilities	1,479,893	1,479,893	3,536,556	3,536,556
Total liabilities	**1,584,071**	**1,584,071**	**3,640,612**	**3,640,612**

For financial assets and liabilities which are not subsequently measured at fair value in the statement of financial position, their carrying value is deemed to be fair value as they are repayable on demand.

(b) Fair value hierarchy

IFRS 13 Fair Value Measurement specifies a three level hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect assumptions that are specific to the asset and are not necessarily based on observable market data. The fair value hierarchy comprises.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes the secure income stream which is measured at FVOCI.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Fair value hierarchy for assets and liabilities measured at fair value

31 December 2020	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Intergroup loan	-	-	1,347,560	**1,347,560**

31 December 2019	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Intergroup loan	-	-	4,470,511	**4,470,511**

There were no transfers between hierarchy levels during 2020 and 2019.

IFRS 13 requires that financial assets and liabilities not carried at fair value but for which fair value is disclosed are also classified within the fair value hierarchy. Financial assets and liabilities measured at amortised cost are classified under Level 1.

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value.

Intergroup loan measured at FVTPL	2020 €'000	2019 €'000
Balance as at 1 January	4,470,511	4,464,603
Net repayments	(3,174,875)	(56,428)
Net gains on intergroup loans measured at FVTPL	51,924	62,336
Balance as at 31 December	**1,347,560**	**4,470,511**

Quantitative information about fair value measurements (Level 3)

The intergroup loan is repayable on demand so the par value is deemed to be its fair value.

Sensitivity of Level 3 measurements

It is considered that any increase/decrease in the profits of the borrower will have an equal effect on the fair value of the intergroup loan.

Categories of financial assets and financial liabilities

Financial assets and liabilities are categorised in accordance with IFRS 9 as follows:

- Amortised Cost
- Fair value through profit and loss (FVTPL)

Financial assets	2020 FVTPL €'000	2019 FVTPL €'000
Intergroup loans measured at FVTPL	1,347,560	4,470,511

Financial liabilities	2020 Amortised Cost €'000	2019 Amortised Cost €'000
Intergroup interest payable	1,484,171	3,540,710
Intergroup loan payable	99,900	99,900
Intergroup other payable	-	2

9. Other assets

	2020 €'000	2019 €'000
Tax prepayment	-	1,972
Total other assets	**-**	**1,972**

10. Other liabilities

	2020 €'000	2019 €'000
Interest payable to NAMA	1,479,893	3,536,554
Other payable to NAMGS	-	2
Loan payable to NAMAI	99,900	99,900
Interest payable to NAMAI	4,278	4,156
Total other liabilities	**1,584,071**	**3,640,612**

All other liabilities in the Company are current liabilities.

11. Capital management

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. The Company's objectives when managing capital in its statement of financial position are:

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business and to distribute any surplus to the Exchequer from time to time.

12. Retained losses

	2020 €'000	2019 €'000
At 1 January	(232,129)	(238,164)
Profit for the financial year	51,674	62,044
Coupon paid on subordinated bonds	(56,009)	(56,009)
Transaction costs	(47)	-
At 31 December	**(236,511)**	**(232,129)**

In February 2020, the Board of the Company resolved that it was appropriate, in the context of NAMA's overall aggregate financial performance and objectives, that the annual coupon on the subordinated bonds of €56.01m (2019: €56.01m) due on 1 March 2020 be paid. The subordinated bonds are classified as equity in the statement of financial position, and related payments thereon are classified as coupon payments and recognised in equity. Refer to Note 14 for further details.

On 1 March 2020, NAMA called the subordinated bonds on their first call date and all the remaining bonds of €1.064bn were fully redeemed on 2 March 2020. Transaction costs of €47k were incurred on the redemption of the subordinated bonds. In line with IAS 32, these costs are deducted from equity as they are incremental costs directly attributable to the transactions.

13. Called up share capital

As at 31 December 2020 and 2019	Number	€
Authorised:		
Ordinary shares of €1 each	1,000	1,000
Issued and fully paid:		
Ordinary shares of €1 each	100	100

The Company's capital base comprises only share capital. These shares do not have any special rights, preferences or restrictions attaching to them.

14. Other Equity

	2020 €'000	2019 €'000
In issue at 1 January	1,064,000	1,064,000
Redeemed during the year	(1,064,000)	-
In issue at 31 December	-	**1,064,000**

The above were Callable Perpetual Subordinated Fixed Rate Bonds that were issued by NAM and the proceeds transferred to NAMGS under a profit participating loan arrangement and by NAMGS to NALM.

The latter company used these securities as consideration (5%) for the loan portfolio acquired from each of the Participating Institutions.

The interest rate on the instruments was the ten year Irish Government Bond rate at the date of first issuance, plus 75 basis points. This rate has been set at a fixed return of 5.264%. Interest is paid annually if deemed appropriate to do so, however the coupon is declared at the option of the issuer. Coupons not declared in any financial year do not accumulate. The Company paid an annual coupon of €56.01m (2019: €56.01m) on its subordinated debt in March 2020. Withholding tax of €42k (2019: €42k) was paid to the Revenue Commissioners in respect of the coupon payments in 2020.

Under IAS 32, it is the substance of the contractual arrangement of a financial instrument, rather than its legal form, that governs its classification. As the subordinated bonds contained no contractual obligation to make any payments (either interest or principal) should the Company not wish to make any payments, in accordance with IAS 32 the subordinated debt had been classified as equity in the statement of financial position, with any coupon payments classified as dividend payments (Note 12).

Although the bonds are perpetual in nature, the issuer held an option to "call" (i.e. redeem) the bonds on the first call date (10 years from the date of issuance), and every interest payment date thereafter (regardless of whether interest is to be paid or not). The issuer called the bonds on the first call date being 1 March 2020 and the remaining bonds of €1.064bn were fully redeemed.

15. Related party disclosures

The related parties of the Company comprise the following:

NAMA Group entities

The Company's immediate parent entity is NAMAI, a company incorporated in Ireland. The Company is ultimately controlled by NAMA, which owned 49% of National Asset Management Agency Investment D.A.C. ('NAMAI') until 26 May 2020. The remaining 51% of the shares in NAMAI were held by private investors until that date. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI.

The related party group comprises:
National Asset Management Agency
National Asset Management Agency Investment D.A.C
National Asset Loan Management D.A.C.
National Asset North Quays D.A.C.
National Asset Management Services D.A.C.
National Asset Property Management D.A.C.
National Asset Management Group Services D.A.C.
National Asset JV A D.A.C.
National Asset Sarasota Limited Liability Company
National Asset Residential Property Services D.A.C.
Pembroke Ventures D.A.C.
Pembroke Beach D.A.C.
Pembroke West Homes D.A.C
National Asset Leisure Holdings Limited (In Voluntary Liquidation)
RLHC Resort Lazer SGPS, S.A.
RLHC Resort Lazer II SGPS, S.A.

Minister for Finance

The Minister for Finance (the 'Minister') established NAMA under the NAMA Act 2009. Sections 13 and 14 of the Act grant certain powers to the Minister in relation to NAMA. Section 13 provides that the Minister may issue guidelines to NAMA for the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is required to have regard to any such guidelines in performing its functions. Section 14 provides that the Minister may issue directions to NAMA concerning the achievement of the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is obliged to comply with any such direction.

The effect of these statutory provisions is that the Minister has the ability to exercise significant influence over NAMA.

Participating Institutions

During 2010, a number of legislative measures were enacted that gave the Minister rights and powers over certain financial institutions in respect of various matters of ownership, board composition, acquisition or sale of subsidiaries, business activity, restructuring and banking activity. The Participating Institutions also agreed to consult with the Minister prior to taking any material action which may have a public interest dimension.

Participating Institutions are credit institutions that were designated by the Minister, under Section 67 of the Act, as a Participating Institution. The subordinated bonds that were held by Participating Institutions are as follows.

Financial Institution	Outstanding at 31 Dec 2020 € '000	Outstanding at 31 Dec 2019 € '000
AIB	-	417,000
BOI	-	70,000
Other Noteholders	-	557,000
EBS	-	20,000
Total	**-**	**1,064,000**

All outstanding subordinated debt securities were fully redeemed in 2020. Further details on these bonds and the coupon interest paid are set out in Note 14 Other Equity.

Key management personnel

No Director of the Company received any compensation in the form of fees, salary or other compensation from the Company in their capacity as Directors of the Company. All of the Company Directors, with the exception of Aidan Williams, are employed by the NTMA and received salaries as employees of the NTMA. The Directors who served during the year are also Directors of National Asset Management Agency Investment D.A.C., a fellow NAMA group company. The Directors are also directors of a number of other NAMA group undertakings. The Directors do not consider it practical to apportion their emoluments between their qualifying services as directors of the Company and as directors of other NAMA group undertakings. The emoluments of these Directors are disclosed in the financial statements of NAMAI.

Transactions with NAMA Group entities

The following are the amounts owed to and from related parties at the reporting date. All transactions with related parties are carried out on an arm's length basis.

Net gains on intergroup loan measured at FVTPL	2020 €'000	2019 €'000
Interest charged on profit participating loan to NAMGS	51,924	62,336

Interest expense	2020 €'000	2019 €'000
Interest on loan due to NAMAI	250	250

Intergroup loans receivable	2020 €'000	2019 €'000
Profit participating loan and interest with NAMGS	1,347,560	4,470,511

All intergroup receivables are current assets

Intergroup loans and borrowings / other payables	2020 €'000	2019 €'000
Principal to NAMAI	99,900	99,900
Accrued interest to NAMAI	4,278	4,156
Intergroup liability – payable to NAMGS	-	2
Interest payable on loan to NAMA	1,479,893	3,536,554
	1,584,071	**3,640,612**

All intergroup payables are current liabilities.

Investment in subsidiaries	2020 €	2019 €
National Asset Management Group Services D.A.C.		
Investment in subsidiary	100	100
Total investment in subsidiaries	**100**	**100**

The Company has considered the existence of impairment of its investment, under IAS 36 Impairment of Assets, and is satisfied that there are no indicators of impairment.

There are no other transactions with related parties other than those set out in this note and all related party transactions occur on an arm's length basis.

16. External audit remuneration

The Comptroller and Auditor General and Mazars provide external audit services to the NAMA Group. The external auditors' remuneration has been borne and incurred by NALM and accordingly is not reflected in the statement of comprehensive income of the Company.

17. Investments in subsidiary undertakings

The subsidiary undertakings and percentage ownership of NAM in those subsidiaries are as follows:

Group Subsidiary	Percentage ownership	Percentage voting rights	Principal Activity	Country of incorporation
National Asset Management Group Services D.A.C.	100%	100%	Holding company, securitisation and asset management	Ireland
National Asset Loan Management D.A.C.	100%	100%	Securitisation and asset management	Ireland
National Asset Property Management D.A.C	100%	100%	Real estate	Ireland
National Asset Management Services D.A.C.	100%	100%	Holding company for shareholding in a general partnership	Ireland
National Asset JV A D.A.C.	100%	100%	Investment in a partnership as a limited partner	Ireland

National Asset North Quays D.A.C.	100%	100%	Acquisition of certain property assets in settlement of debt owed to NAMA	Ireland
National Asset Residential Property Services D.A.C.	100%	100%	Provision of residential properties for the purposes of social housing	Ireland
National Asset Sarasota Limited Liability Company	100%	100%	Acquisition of property assets located in the US in settlement of debt owed to NAMA	US
Pembroke Ventures D.A.C.	100%	100%	Holding company	Ireland
Pembroke Beach D.A.C.	100%	100%	Acquisition of property assets located in Poolbeg West SDZ	Ireland
Pembroke West Homes D.A.C.	100%	100%	Acquisition of property assets located in Poolbeg West SDZ	Ireland
National Asset Leisure Holdings Limited (In Voluntary Liquidation)	100%	100%	Holding company	Ireland
RLHC Resort Lazer SGPS, S.A.	100%	100%	Facilitate legal restructure	Portugal
RLHC Resort Lazer II SGPS, S.A.	100%	100%	Facilitate legal restructure	Portugal

With the exception of RLHC and RLHC II, the address of the registered office of each company is Treasury Dock, North Wall Quay, Dublin 1. Each Company is incorporated and domiciled in the Republic of Ireland, except for NASLLC, which is incorporated and domiciled in the US and RLHC and RLHC II which are incorporated and domiciled in Portugal. The address of the registered office of RLHC I and RLHC II is Rua Garrett, N°. 64, 1200-204 Lisbon, Portugal. Investments in subsidiary undertakings have been accounted for in accordance with accounting policy 2.8.

18. Events after the reporting date

(a) Covid-19 Restrictions

On 6 January 2021, the Irish Government announced a further set of restrictions in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of private housing that was to be completed by 31 January 2021 and social housing to be completed by 28 February 2021. While all construction work has been permitted to recommence from 4 May 2021, there continues to be some uncertainty as to the extent that the impact of the Covid-19 pandemic will have on the markets that the Company and its subsidiaries operate in. The Company continues to take steps to limit the negative operational and financial impacts of the pandemic.

(b) Dividends

On 21 June 2021, the Board of directors of NAMGS declared a dividend of €800m to the Company.

19. Approval of the financial statements

The Directors approved the financial statements on 21 June 2021. The financial statements were authorised for issue by the Board on 21 June 2021.

National Asset Management Agency Investment Designated Activity Company

Directors' Report and Financial Statements for the financial year ended 31 December 2020

National Asset Management Agency Investment D.A.C.
Contents

Financial Statements

National Asset Management Agency Investment D.A.C.
Directors and other information

Directors

Brendan McDonagh
Alan Stewart
Anthony O'Riordan (resigned 26 May 2020)
Aidan Williams

Secretary and Registered Office

Deirdre McCabe (resigned 30 March 2021)
Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021)
Majella Galligan (Assistant Secretary, appointed 30 March 2021)
Gillian Joyce (Assistant Secretary, resigned 18 June 2020)

Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

Principal Banker

Allied Irish Banks, p.l.c.
Baggot Street Lower
Dublin 2
D02 X342

Registered Number

480243

Auditors

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

Mazars
Chartered Accountants and Statutory Audit Firm
Harcourt Centre Block 3
Harcourt Road
Dublin 2
D02 A339

National Asset Management Agency Investment D.A.C.
Directors' report

The Directors of National Asset Management Agency Investment D.A.C. (the 'Company') present their report and the audited financial statements for the financial year ended 31 December 2020.

The financial statements are set out on pages 14 to 33.

Principal activity of the Company

The Company's principal activity is to act as a holding company. The Company was the entity through which private investors had invested in the National Asset Management Agency Investment ('NAMAI') Group. NAMAI Group is defined in Note 1.1 to the financial statements. On 26 May 2020, the National Asset Management Agency ('NAMA') exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI.

Directors' Responsibility Statement

The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the NAMA Act 2009 (the 'Act'), and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Irish company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting records

The measures that the Directors have taken to secure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the use of the services of appropriately qualified accounting personnel and the maintenance of appropriate accounting systems. The Company's accounting records are maintained at the Company's registered office at Treasury Dock, North Wall Quay, Dublin 1 D01 A9T8.

Business review, results and dividends

The Company made an operating profit before tax of €249k in 2020 (2019: €250k). A tax charge of €62k was recognised in 2020 (2019: €62k). The overall result was a net profit after tax of €187k for 2020 (2019: €188k).

The Company earned interest income of €250k (2019: €250k) on its intercompany loan to National Asset Management D.A.C (NAM).

On 27 March 2020, the Board of NAMAI declared and approved a dividend payment based on the ten year Irish government bond yield as at 31 March 2020. The dividend was paid to the holders of B ordinary shares of NAMAI only, the private investors, who held a 51% ownership in the Company at that date. No dividend was paid to the A ordinary shareholders, NAMA the Agency, which had a 49% ownership in the Company. The dividend payment was €0.00067 per share (2019: €0.00534 per share) amounting to €0.034m (2019: €0.27m).

Impact of Covid-19

The Covid-19 pandemic and associated restrictions have had a material effect on economic activity world-wide. From the Company's and its subsidiaries' perspective, the restrictions have impacted demand for certain classes of collateral assets as well as progress in relation to the Company's underlying subsidiaries' residential and commercial delivery programmes. Site closures, impacts to supply chains and physical distancing measures have resulted in unavoidable delays to construction projects across both the residential and commercial sectors. Accordingly, the 2020 residential delivery target was revised downwards.

Notwithstanding this, the Company's and its subsidiaries' 2020 financial performance and net cash generation remained strong with the Company and its subsidiaries continuing to make progress toward the achievement of their key strategic objectives and the revised residential delivery target was exceeded for the year. Additionally, key milestones for 2020 were achieved as NAM redeemed its remaining subordinated debt and NAMA purchased the private investors shareholding enabling the transfer of €2 billion of the projected lifetime surplus to the Exchequer. There remains significant uncertainty as to the full economic impact of the pandemic and the Company and its subsidiaries continue to make every effort to mitigate the financial and other impacts using measures under their control. The approach to the valuation of financial assets in the context of Covid-19 has been comprehensive and conservative with prudent assumptions applied to key inputs.

Future development

The Company will continue in its current business for the foreseeable future.

Going concern assessment

The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. Further details on the going concern assessment is in Note 2.1

Events after the reporting date

(a) Covid-19 Restrictions

On 6 January 2021, the Irish Government announced a further set of restrictions in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of private housing that was to be completed by 31 January 2021 and social housing to be completed by 28 February 2021. While all construction work has been permitted to recommence from 4 May 2021, there continues to be some uncertainty as to the extent that the impact of the Covid-19 pandemic will have on the markets that the Company and its subsidiaries operate in. The Company continues to take steps to limit the negative operational and financial impacts of the pandemic.

(b) Pembroke Transaction

On 4 June 2021 Pembroke Ventures D.A.C. ('PV'), Pembroke Beach D.A.C. ('PB') and Pembroke West Homes D.A.C. ('PWH') ceased to be NAMA group entities following completion of a transaction

whereby a consortium consisting of Ronan Group Real Estate, funds managed by Oaktree Capital Management, L.P. ('Oaktree') and Oaktree affiliate Lioncor Developments Limited, subscribed for the majority 80% shareholding in PV. As part of the transaction, the Company advanced a loan to PV.

(c) Share Capital

On 11 March 2021, the directors of the Company approved the redesignation of the B shares as A shares such that the authorised share capital of the Company is €10,000,000 divided into 100,000,000 A Shares of €0.10 each.

Risk management

The Company is exposed to principal risks which have the potential to have a significant impact on the achievement of the Group's overall strategic objectives.

- Domestic or international macroeconomic or financial shock;
- Material loss of human capital;
- A failure to deliver Dublin Docklands or Poolbeg SDZ plans;
- A failure to deliver Residential Delivery plans;
- Reputational damage.

The principal risks remain under constant review by NAMA's Risk Management Committee and any changes (including the impact of Covid-19) are reported to the NAMA Board. In April 2020, the Board approved a Risk Appetite Statement for each of the Principal Risks which defines the propensity for the NAMA Group to take certain risks in order to achieve its strategic objectives. The Board reviewed and approved the Principal Risks in October 2020 which included subrisks around the pandemic.

The Company is exposed to financial risks such as credit risk, liquidity risk and market risk (in the form of interest rate risk) in the normal course of business. Further details on how the Group manages these financial risks are given in Note 7 of the financial statements.

Directors and Secretaries

The Directors, who served during the financial year were Brendan McDonagh, Anthony O'Riordan (resigned 26 May 2020), Alan Stewart and Aidan Williams.

The Secretaries, who served during the financial year, are Deirdre McCabe (Secretary, resigned 30 March 2021), Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021) and Gillian Joyce (Assistant Secretary, resigned 18 June 2020).

Directors' and Secretaries' interests in shares

The Directors and Secretaries in office at 31 December 2020 had no beneficial interests (2019: none) in the share capital of the Company or any other NAMAI Group Company. In addition the Directors have complied with Section 30 of the National Asset Management Agency Act 2009, in relation to the disclosure of beneficial interests in the Company.

Audit Committee

An Audit Committee has been established by NAMA which also covers the activities of the Company. The Audit Committee is responsible for the review of the financial reporting process, system of internal control, the audit process, the processes, procedures and practices for ensuring compliance with all relevant legal, regulatory and taxation requirements as they affect the NAMA Group and the Company.

Disclosure of Information to Auditors

In so far as each of the directors in office at the date of approval of the financial statements is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Auditors

The Comptroller and Auditor General is the Company's auditor by virtue of Section 57 of the Act.

Pursuant to the requirements of the Companies Act 2014, NAMA is required to separately appoint a statutory auditor in respect of companies within the NAMA Group which are deemed to be trading for gain. As the NAMAI Group operates to return dividends to its shareholder it is deemed to be trading for gain. As such, Mazars, Chartered Accountants and Statutory Audit Firm, were appointed as statutory auditors of the Company on 1 June 2017 in accordance with Section 382(1) of the Companies Act 2014. Mazars have indicated willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Asset Management Agency Investment Designated Activity Company

Opinion on the financial statements

I have audited the financial statements of National Asset Management Agency Investment Designated Activity Company (the company) for the year ended 31 December 2020 as required under the provisions of section 57 of the National Asset Management Agency Act 2009. The financial statements comprise

- the statement of comprehensive income
- the statement of financial position
- the statement of changes in equity
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion,

- the financial statements give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2020 and of its profits for 2020; and
- the financial statements have been properly prepared in accordance with the financial reporting framework set out in note 2.2 of the notes to the financial statements.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis. As described in the appendix to this report, I conclude on

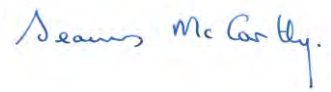
- the appropriateness of the use by the directors of the going concern basis of accounting and
- whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

I have nothing to report in that regard.

Report on information other than the financial statements, and on other matters

The directors have presented a report with the financial statements. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



Seamus McCarthy
Comptroller and Auditor General

25 June 2021

Appendix to the report

Responsibilities of the directors

As detailed in the directors' report, the directors are responsible for

- the preparation of the financial statements under the National Asset Management Agency Act 2009 and in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with the financial reporting framework set out in note 2.2 of the financial statements
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 57 of the National Asset Management Agency Act 2009 to audit the financial statements of the company and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

mazars

Independent auditor's report to the

Members of National Asset Management Agency Investment DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Asset Management Agency Investment DAC ('the Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the Company financial statements, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the European Union ("EU").

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibility statement out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

mazars

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Tuohy

for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre,
Block 3
Harcourt Road
Dublin 2
Date: 25 June 2021

National Asset Management Agency Investment D.A.C.
Statement of comprehensive income
for the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Interest income	3	250	250
Interest and similar expense	4	(1)	-
Operating profit before income tax		**249**	**250**
Tax charge	5	(62)	(62)
Operating profit after tax		**187**	**188**
Other comprehensive income		-	-
Total comprehensive income for the financial year		**187**	**188**

The accompanying notes form an integral part of these financial statements.

All results are from continued operations.

National Asset Management Agency Investment D.A.C.
Statement of financial position
As at 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Assets			
Cash and cash equivalents	6	188	251
Other assets	10	104,184	104,062
Investment in subsidiary	14	-	-
Total assets		**104,372**	**104,313**
Liabilities			
Other liabilities	11	-	94
Total liabilities		**-**	**94**
Total equity and reserves			
Share capital and share premium	12	100,000	100,000
Retained earnings	13	4,372	4,219
Total equity		**104,372**	**104,219**
Total equity, reserves and liabilities		**104,372**	**104,313**

The accompanying notes form an integral part of these financial statements.

On behalf of the Directors

21 June 2021

Brendan McDonagh

Director

Aidan Williams

Director

National Asset Management Agency Investment D.A.C.
Statement of changes in equity
For the financial year ended 31 December 2020

	Note	Share capital €'000	Retained earnings €'000	Total equity €'000
Balance as at 1 January 2020		**100,000**	**4,219**	**104,219**
Profit for the financial year	13	-	187	**187**
Total comprehensive income		**-**	187	**187**
Dividend paid on B ordinary shares	13	-	(34)	**(34)**
Balance as at 31 December 2020		**100,000**	**4,372**	**104,372**

	Note	Share capital €'000	Retained earnings €'000	Total equity €'000
Balance as at 1 January 2019		**100,000**	**4,303**	**104,303**
Profit for the financial year	13	-	188	**188**
Total comprehensive income		**-**	**188**	**188**
Dividend paid on B ordinary shares	13	-	(272)	**(272)**
Balance as at 31 December 2019		**100,000**	**4,219**	**104,219**

The accompanying notes form an integral part of these financial statements.

National Asset Management Agency Investment D.A.C.
Statement of cash flows
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Cash flow from operating activities			
Tax paid	5	(62)	-
Interest paid on cash and cash equivalents	4	(1)	-
Net cash used in operating activities		**(63)**	**-**
Cash and cash equivalents held at the beginning of the financial year		251	251
Net cash provided by operating activities		(63)	-
Cash held at the beginning and end of the financial year	6	**188**	**251**

The accompanying notes form an integral part of these financial statements.

1. General information

The proposed creation of the National Asset Management Agency (NAMA) was announced in the Minister for Finance's Supplementary Budget on 7 April 2009 and the National Asset Management Agency Act 2009 (the 'Act') was passed in November 2009.

The Act established NAMA as a separate statutory body, with its own Board and Chief Executive Officer ("CEO") appointed by the Minister for Finance, in December 2009. The NAMA Board and all committees established by the NAMA Board are also responsible for the oversight and governance of all NAMA Group entities.

NAMAI was incorporated on 27 January 2010. NAMAI is the company through which private investors had invested in the Group.

After NAMAI was incorporated, NAMA invested €49m in NAMAI, receiving 49m A ordinary shares. The remaining €51m was invested in NAMAI by private investors, each receiving an equal share of 51m B ordinary shares. Under the terms of a shareholders' agreement between NAMA and the private investors, NAMA could exercise a veto over decisions taken by NAMAI. As a result of this veto, the private investors' ability to control the financial and operating policies of the entity was restricted and NAMA had effective control of the company. By virtue of this control, NAMA consolidated NAMAI and its subsidiaries and the 51% external investment in NAMAI was reported as a non-controlling interest in the financial statements. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI.

The smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared is NAMA.

1.1 National Asset Management Agency Investment D.A.C. Group

For the purposes of these financial statements, the 'NAMAI Group' comprises: the parent entity National Asset Management Agency Investment D.A.C., National Asset Management D.A.C., National Asset Management Group Services D.A.C., National Asset Loan Management D.A.C., National Asset North Quays D.A.C., National Asset Management Services D.A.C., National Asset JV A D.A.C., National Asset Property Management D.A.C., National Asset Residential Property Services D.A.C., National Asset Sarasota LLC, Pembroke Ventures D.A.C., Pembroke Beach D.A.C., Pembroke West Homes D.A.C., National Asset Leisure Holdings Limited (in Voluntary Liquidation), RLHC Resort Lazer SGPS, SA and RLHC Resort Lazer II SGPS, SA.

On 18 December 2014, NALHL (in Voluntary Liquidation) was placed into liquidation by its members. The liquidator has assumed the rights of the shareholder and now controls NALHL (in Voluntary Liquidation) and its subsidiaries, RLHC and RLHC II, NALHL (in Voluntary Liquidation).

National Asset Management D.A.C. (NAM)

NAM was incorporated on 27 January 2010. NAM is responsible for issuing the government guaranteed debt instruments and the subordinated debt, which were used as consideration in acquiring loan assets. The Government guaranteed debt securities issued by NAM were listed on the Irish Stock Exchange until their redemption in full in 2017. In March 2020, the remaining subordinated debt was fully redeemed.

After NAM was incorporated, the government guaranteed debt instruments and the subordinated debt instruments were transferred to NAMGS and by NAMGS to NALM. The latter used these debt instruments as part consideration for the loan assets acquired from the Participating Institutions.

NAM has fourteen subsidiaries, defined collectively as 'NAM Group', at the reporting date:

1) National Asset Management Group Services D.A.C. (NAMGS)

NAMGS acts as the holding company for its thirteen subsidiaries: NALM, NAMS, NAJV A, NAPM, NANQ, NARPS, NASLLC, PV, PB, PWH, NALHL (in Voluntary Liquidation), RLHC and RLHC II.

NAMGS was incorporated on 27 January 2010. NAMGS acquired certain debt instruments issued by NAM under a profit participating loan ('PPL') agreement, and in turn, made these debt instruments available to NALM on similar terms. NAMGS is wholly owned by NAM.

2) *National Asset Loan Management D.A.C. (NALM)*

NALM was incorporated on 27 January 2010. The purpose of NALM is to acquire, hold, and manage the loan assets acquired from the Participating Institutions. NALM has one subsidiary, NANQ.

3) National Asset North Quays D.A.C. (NANQ)

NANQ was incorporated on 8 April 2015. NANQ is a 100% wholly owned subsidiary of NALM and was established to hold the freehold lands acquired by NAMA at 72-80 North Wall Quay, Dublin 1 in February 2015 and to receive proceeds from a secure income stream from the lands in the form of a licence fee. The licence was granted to a third party for a period of six years to enable the development of the site for long-term commercial benefit. In addition to the secure income stream, a fixed percentage of rents and a percentage of sales proceeds of any completed development to be built on the lands are due to NANQ.

4) National Asset Management Services D.A.C. (NAMS)

NAMS was incorporated on 27 January 2010. Previously a non-trading entity, NAMS acquired a 20% shareholding in a general partnership associated with the NAJV A investment during 2013.

5) National Asset JV A D.A.C. (NAJV A)

On 4 July 2013, NAMA established a subsidiary, NAJV A. NAJV A is a wholly owned subsidiary of NAMGS. NAMA entered an arrangement with a consortium whereby a 20% interest in a limited partnership was acquired, and NAJV A was established to facilitate this transaction. Since its incorporation NAJV A has invested in other arrangements with third parties where it has taken a minority, non-controlling equity interest in an investee to facilitate the delivery of commercial and residential real estate property.

6) National Asset Property Management D.A.C. (NAPM)

NAPM was incorporated on 27 January 2010. The purpose of NAPM is to take direct ownership of assets if and when required.

NAPM has five subsidiaries: NARPS, NASLLC, NALHL (in Voluntary Liquidation), RLHC and RLHC II.

7) National Asset Residential Property Services D.A.C. (NARPS)

On 18 July 2012 NAMA established a subsidiary NARPS. NARPS is a wholly owned subsidiary of NAPM, and was established to acquire residential properties and to lease and ultimately sell these properties to approved housing bodies and/or local authorities for social housing purposes. On 28 September 2019, the Minister for Finance issued a direction to NAMA to retain ownership of NARPS. NARPS is to remain in State ownership and the value attributable may form part of any potential transfer of assets as part of the surplus transfer.

A total of 2,614 (2019: 2,605) residential properties were delivered to the social housing sector by NAMA debtors from inception to the reporting date, of which 2,580 (2019: 2,569) were completed and contracts on a further 34 (2019: 36) properties (for both direct sale and through NARPS) were exchanged by the reporting date. Completed units delivered since inception include the direct sale of 1,119 (2019: 1,110) properties by NAMA debtors and receivers to various approved housing bodies and/or local authorities, the direct leasing of 89 (2019: 89) properties by NAMA debtors and receivers and the acquisition by NARPS of 1,372 (2019: 1,370) properties for lease to approved housing bodies.

8) National Asset Sarasota LLC (NASLLC)

On 1 August 2013, NAMA established a US subsidiary, NASLLC. NASLLC is a wholly owned subsidiary of NAPM, and was established to acquire property assets located in the US following insolvency processes. Since its acquisition NASLLC has acquired two assets located in the US and has subsequently sold these assets.

9) Pembroke Ventures D.A.C. (PV)

On 19 July 2019, PV was acquired to hold NAMA's interest in Pembroke Beach D.A.C (PB) and Pembroke West Homes D.A.C (PWH) which became subsidiaries of PV on 26 July 2019. In July 2019, NAMA invited interested parties, through an open market process, to subscribe for a majority 80% shareholding in PV. This process completed in December 2020, with a consortium consisting of Ronan Group Real Estate, funds managed by Oaktree Capital Management, L.P. ("Oaktree") and Oaktree affiliate Lioncor Developments Limited, subscribing for the majority 80% shareholding in PV. Completion of this transaction is subject to competition approval. This transaction completed on 4 June 2021 and PV ceased to be a NAMA Group entity as at that date.

10) Pembroke Beach D.A.C. (PB)

On 5 April 2019, PB was established to hold land in Poolbeg West SDZ. PB was a 100% wholly owned subsidiary of NAMGS until 26 July 2019 when it became a 100% wholly owned subsidiary of PV. On 4 June 2021, PB ceased to be a NAMA Group entity.

11) Pembroke West Homes D.A.C (PWH)

On 5 April 2019, PWH was established to hold land in Poolbeg West SDZ. PWH was a 100% wholly owned subsidiary of NAMGS until 26 July 2019 when it became a 100% wholly owned subsidiary of PV. On 4 June 2021, PWH ceased to be a NAMA Group entity.

12) *National Asset Leisure Holdings Limited (in Voluntary Liquidation) (NALHL)*

On 10 January 2014, NAMA established a subsidiary NALHL (in Voluntary Liquidation). NALHL (in Voluntary Liquidation) is a wholly owned subsidiary of NAPM and was established to acquire 100% of the share capital of two Portuguese entities, RLHC and RLHC II.

The establishment of these entities was required to facilitate the legal restructure of a number of entities with Portuguese property assets. Following the completion of the legal restructure, NALHL (in Voluntary Liquidation) was placed into liquidation on 18 December 2014. The control of NALHL (in Voluntary Liquidation) is with the liquidator who will realise the assets of NALHL (in Voluntary Liquidation).

13) and 14) RLHC Resort Lazer SGPS, S.A. (RLHC), RLHC Resort Lazer II SGPS, S.A. (RLHC II)

On 5 February 2014, NAMA established two new subsidiaries, RLHC and RLHC II. RLHC and RLHC II are wholly owned subsidiaries of NALHL (in Voluntary Liquidation) and acquired 90% and 10% respectively of the share capital of a number of Portuguese entities, following the legal restructure of the debt owed by these entities.

With the exception of RLHC and RLHC II, the address of the registered office of each company at the reporting date is Treasury Dock, North Wall Quay, Dublin 1. Each company is incorporated and domiciled in the Republic of Ireland, except for NASLLC, which is incorporated and domiciled in the US and RLHC and RLHC II which are incorporated and domiciled in Portugal. The address of the registered office of RLHC and RLHC II is Rua Garrett, Nº 64, 1200-204 Lisbon, Portugal.

2. Significant accounting policies

2.1 Basis of preparation

Going concern

The financial statements for the financial year ended 31 December 2020 have been prepared on a going concern basis. The Directors believe it is appropriate to prepare the financial statements on a

going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. The period of assessment used by the directors is twelve months from the reporting date of these annual financial statements.

2.2 Statement of compliance and basis of measurement

The Company financial statements for the financial year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, the NAMA Act 2009 and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The Company has claimed exemption under IFRS 10.4 not to prepare consolidated accounts as its results and the results of its subsidiaries are presented in the consolidated financial statements of NAMA. NAMA's consolidated financial statements are available at its registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

The Company financial statements have been prepared under the historical cost convention.

The Company financial statements are presented in euro (€), which is the Company's functional and presentational currency. The figures shown in the financial statements are stated in € thousands (€'000s) unless otherwise stated.

In accordance with IAS 1 *Presentation of Financial Statements*, assets and liabilities are presented in order of liquidity.

Certain prior year disclosures have been reclassified to conform to the presentation in the 2020 financial statements, with no impact on the income statement and statement of financial position for prior periods presented.

2.3 Changes in significant accounting policies

There have been no new standards, interpretations or changes in significant accounting policies that have had a material effect on the Company's financial statements for the year ended 31 December 2020.

2.4 IFRS Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations have been issued but are not yet effective. The Company has not early adopted them in preparing these financial statements. Of these standards that are not yet effective, none are expected to have a significant impact on the Company's financial statements in the period of initial application.

2.5 Financial assets

Recognition and initial measurement

The Company recognises financial assets in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at fair value. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss. For assets measured other than at FVTPL, transaction costs that are directly attributable to the acquisition or issue of financial assets are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

Classification and subsequent measurement

Subsequent to initial recognition, a financial asset is classified and subsequently measured at either
(a) Amortised cost
(b) Fair value through other comprehensive income (FVOCI) or
(c) Fair value through profit or loss (FVTPL)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

At initial recognition, the Company may irrevocably designate an equity instrument as FVOCI. The election to designate an investment in an equity instrument at FVOCI is made on an instrument-by instrument basis.

Any financial asset that does not qualify for amortised cost measurement or measurement at FVOCI must be measured subsequent to initial recognition at FVTPL except if it is an investment in an equity instrument designated at FVOCI. The Company may irrevocably elect on initial recognition to designate a financial asset at FVTPL if the designation eliminates or significantly reduces an accounting mismatch that would have occurred if the financial asset had been measured at amortised cost or FVOCI.

Contractual cash flows are solely payments of principal and interest assessment

For the purpose of the solely payments of principal and interest "SPPI" assessment, principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Business model assessment

The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Company considers the following information when making the business model assessment:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

(a) Amortised Cost

The Company has classified and measured cash and cash equivalents and other assets at amortised cost less any expected credit loss allowance.

2.6 Financial liabilities

The Company recognises financial liabilities in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are measured initially at fair value. The Company classifies and subsequently measures its financial liabilities at amortised cost with the exception of derivatives classed as FVTPL, with any difference

between the proceeds net of transaction costs and the redemption value recognised in the income statement using the effective interest method. Where financial liabilities are classified as FVTPL, gains and losses arising from subsequent changes in fair value are recognised directly in the income statement.

2.7 De-recognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.8 Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments is recognised as interest income and interest expense in the income statement using the effective interest rate ("EIR") method.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of a financial asset or the amortised cost of the financial liability.

2.9 Impairment of financial assets

The Company assesses, on a regular basis, the impairment of financial assets measured at amortised cost on an expected credit loss (ECL) basis. The measurement of ECL is based on a three-stage approach:

- Stage 1: where financial instruments have not had a significant increase in credit risk since initial recognition, a provision for 12-month ECL is recognised, being the ECL that results from default events that are possible within 12 months of the reporting date;
- Stage 2: where financial instruments have had a significant increase in credit risk since initial recognition but does not have objective evidence of impairment, a lifetime ECL is recognised, being the ECL that result from all possible default events possible over the lifetime of the financial asset;
- Stage 3: where financial assets show objective evidence of impairment, a lifetime ECL is recognised.

There are a variety of approaches that could be used to assess whether the credit risk on a financial instrument has increased significantly since initial recognition. In some cases, detailed quantitative information about the probability of default of a financial instrument or formal credit rating will be available which is used to compare changes in credit risk. The Group monitors financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition on a regular basis.

The measurement of the loss allowance is based on the present value of the applicable financial assets expected cash flows using the financial asset's effective interest rate.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

(a) Current income tax

Current income tax is the expected tax payable on the taxable income for the financial year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Current income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise.

The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12 Share capital

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the year in which they are approved by the Company's shareholders.

2.13 Investments in subsidiary undertakings

Investments in subsidiary undertakings have been accounted for at cost in accordance with IAS 27 *Consolidated and Separate Financial Statements*.

3. Interest income

	2020 €'000	2019 €'000
Interest charged on loan to NAM	**250**	**250**

4. Interest and similar expense

	2020 €'000	2019 €'000
Interest on cash and cash equivalents	**1**	**-**

During 2020, the Company incurred interest expense of €1k (2019: €Nil) on cash and cash equivalents due to negative interest rates.

5. Tax charge

	2020 €'000	2019 €'000
Current tax		
Irish corporation tax	**(62)**	**(62)**

The reconciliation of tax on profit at the standard Irish corporation rate to the Company's actual tax charge for the year is as follows:

	2020 €'000	2019 €'000
Profit before tax	249	250
Tax calculated at a tax rate of 25%	**62**	**62**

The corporation tax rate applicable to the income of the Company in 2020 is 25% (2019: 25%).

The Company has no tax-related contingent liabilities and contingent assets in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. No significant effects arise from changes in tax rates or tax laws after the reporting period.

6. Cash and cash equivalents

	2020 €'000	2019 €'000
Balances with AIB	**188**	**251**

No expected credit loss has been recognised on cash and cash equivalents.

7. Risk management

The Company is exposed to credit, interest rate risk and liquidity risk in its normal course of business. Its exposure to these risks arises from its balances with related group entities. Credit risk is the risk that amounts receivable from related entities will not be repaid in full. The Company is exposed to interest rate re-set risk on the intercompany loan to NAM. Liquidity risk is the risk that the Company is unable to meet all of its financial obligations as and when they fall due. These risks are managed in accordance with the overall NAMA Group risk assessment policy as set out by the NAMA Board.

The Company is exposed to credit risk of €104m (2019: €104m).

7.1 Non-derivative cash flows

The following table presents the cash flows payable by the Company on foot of its non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative cash flows 2020	**Note**	**0-6 months €'000**	**Total €'000**
Liabilities			
Other liabilities	11	-	-
Total liabilities		-	-
Assets held for managing liquidity risk		**188**	**188**

Non-derivative cash flows 2019	Note	0-6 months €'000	Total €'000
Liabilities			
Other liabilities	11	94	**94**
Total liabilities		**94**	**94**
Assets held for managing liquidity risk		**251**	**251**

7.2 Information regarding the credit quality of financial instruments

The credit quality of the financial instrument amounts at the reporting date has been graded satisfactory. Cash and cash equivalents are held with other banks/counterparties which have a very low risk of default and a low credit risk profile. All banks/counterparties are rated investment grade by credit rating agencies at 31 December 2020 and 31 December 2019.

7.3 Interest rate risk

The Company is exposed to interest rate risk on certain financial assets and liabilities. Effective systems have been put in place to mitigate such exposure.

The following tables summarise the Company's time-bucketed (defined by the earlier of contractual re-pricing or maturity date) exposure to interest rate re-set risk. It sets out, by time bucket, the assets and liabilities which face interest rate re-setting. Financial instruments are shown at nominal amounts.

Interest rate risk 2020	0-6 months €'000	Non-interest bearing €'000	Total €'000
Financial assets			
Cash and cash equivalents	188	-	**188**
Other assets	99,900	4,284	**104,184**
Total financial assets exposed to interest rate re-set	**100,088**	**4,284**	**104,372**
Financial Liabilities			
Other liabilities	-	-	-
Total financial liabilities exposed to interest rate re-set	-	-	-

Interest rate risk 2019	0-6 months €'000	Non-interest bearing €'000	Total €'000
Financial assets			
Cash and cash equivalents	251	-	**251**
Other assets	99,900	4,162	**104,062**
Total financial assets exposed to interest rate re-set	**100,151**	**4,162**	**104,313**
Financial Liabilities			
Other liabilities	-	94	**94**
Total financial liabilities exposed to interest rate re-set	**-**	**94**	**94**

8. Fair value of financial assets and liabilities

a) Comparison of carrying value to fair value

The following table summarises at the reporting date the carrying amounts and fair values of financial assets and liabilities not presented on the Company's statement of financial position at their fair value.

	2020 Carrying value €'000	2020 Fair value €'000	2019 Carrying value €'000	2019 Fair value €'000
Assets				
Cash and cash equivalents	188	188	251	251
Other assets	104,184	104,184	104,062	104,062
	104,372	**104,372**	**104,313**	**104,313**
Liabilities				
Other liabilities	-	-	94	94
	-	**-**	**94**	**94**

Financial assets and financial liabilities not subsequently measured at fair value

For financial assets and liabilities which are not subsequently measured at fair value in the statement of financial position, their fair values are their carrying value due to their short term nature.

b) Fair value hierarchy

IFRS 13 *Fair Value Measurement* specifies a three level hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. The fair value hierarchy comprises:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible. None of the assets and liabilities of the Company are held at fair value.

IFRS 13 requires that financial assets and liabilities not carried at fair value but for which fair value is disclosed are also classified within the fair value hierarchy. Financial assets and liabilities measured at amortised cost are classified under Level 1.

Categories of financial assets and financial liabilities

Financial assets and liabilities are categorised in accordance with IFRS 9 as follows:

- Financial assets measured at amortised cost;
- Financial liabilities measured at amortised cost.

Financial assets	2020 Amortised cost €'000	2019 Amortised cost €'000
Cash and cash equivalents	188	251
Other assets	104,184	104,062

Financial liabilities	2020 Amortised cost €'000	2019 Amortised cost €'000
Other liabilities	-	94

9. Capital management

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. The Company's objectives when managing capital in its statement of financial position are:

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business;
- To distribute any surplus to the Exchequer from time to time.

10. Other assets

	2020 €'000	2019 €'000
Loan receivable from NAM	99,900	99,900
Accrued interest on intergroup loan to NAM	4,278	4,156
Other assets	6	6
Total other assets	**104,184**	**104,062**

All other assets in the Company are current assets. No expected credit loss has been recognised by the Company on the loan receivable from NAM and the accrued interest on the loan.

11. Other liabilities

	2020 €'000	2019 €'000
Amounts due to NALM	-	94

All other liabilities in the Company are current liabilities.

12. Share capital and share premium

At 31 December 2020 and 2019	Number	€'000
Authorised:		
A Ordinary shares of €0.10 each	49,000,000	4,900
B Ordinary shares of €0.10 each	51,000,000	5,100
Issued and fully paid:		
A Ordinary shares of €0.10 each	49,000,000	4,900
B Ordinary shares of €0.10 each	51,000,000	5,100
Share premium 'A' ordinary shares	-	44,100
Share premium 'B' ordinary shares	-	45,900
	100,000,000	**100,000**

Share capital comprised A ordinary shares and B ordinary shares. The A ordinary shares do not have any special rights, preferences or restrictions attaching to them. Special rights, preferences and restrictions attaching to the B ordinary shares are detailed below:

- return of capital – the maximum investment return to the private investors is capped under the Articles of Association of NAMAI;
- transfer of shares – 'A' shareholder consent is required for any transfer or encumbering of 'B' shares;
- alteration of capital – increases and alterations in share capital may be carried out by ordinary resolution, with prior written consent of the 'A' shareholders. Reductions in share capital may be carried out by special resolution, with the prior written consent of the 'A' shareholders;
- meetings – one 'A' shareholder and one 'B' shareholder shall comprise a quorum for general meetings. If no quorum is formed within 30 minutes of commencement of the meeting, the meeting must be adjourned for seven days. At the reconvened meeting, the presence of an 'A' shareholder will comprise a quorum. 'A' and 'B' shareholders carry one vote per share held for the purposes of shareholder resolutions;
- dividends – the company may, by ordinary resolution, declare dividends, subject to the prior written consent of the 'A' shareholders; and
- capitalising profits – the Company may in general meeting resolve that any sum standing to the credit of the Company's reserves and which would otherwise be capable of distribution, be capitalised towards payment of any amounts outstanding on shares or debentures, subject to the prior written consent of the 'A' shareholders, and for purposes permitted under the Companies Act 2014 or the NAMA Act 2009.

On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding (B shares) in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI.

On 11 March 2021, the directors of the Company approved the redesignation of the B shares as A shares such that the authorised share capital of the Company is €10,000,000 divided into 100,000,000 A Shares of €0.10 each.

13. Retained Earnings

	2020 €'000	2019 €'000
At 1 January	4,219	4,303
Profit for the financial year	187	188
Dividend paid	(34)	(272)
At 31 December	**4,372**	**4,219**

On 27 March 2020, the Board of NAMAI declared and approved a dividend payment based on the ten year Irish government bond yield as at 31 March 2020. The dividend was paid to the holders of B ordinary shares of NAMAI only, the private investors, who held a 51% ownership in the Company at that date. No dividend was paid to the A ordinary shareholders, NAMA the Agency, which had a 49% ownership in the Company. The dividend payment was €0.00067 per share (2019: €0.00534 per share) amounting to €0.034m (2019: €0.27m).

14. Shares and investments in group undertakings

Subsidiaries

The NAMAI Group structure is set out in Note 1 to the Financial Statements. The subsidiary undertakings and percentage ownership of NAMAI in those subsidiaries is as follows:

Group Subsidiary	Percentage ownership	Percentage voting rights	Principal Activity	Country of incorporation
National Asset Management D.A.C.	100%	100%	Debt issuance	Ireland
National Asset Management Group Services D.A.C.	100%	100%	Holding company, securitisation and asset management	Ireland
National Asset Loan Management D.A.C.	100%	100%	Securitisation and asset management	Ireland
National Asset North Quay D.A.C.	100%	100%	Acquisition of certain property assets in settlement of debt owed to the Group	Ireland
National Asset Property Management D.A.C.	100%	100%	Real estate	Ireland
National Asset Management Services D.A.C.	100%	100%	Holding company for shareholding in a general partnership	Ireland
National Asset JV A D.A.C.	100%	100%	Investments	Ireland
National Asset Residential Property Services D.A.C.	100%	100%	Provision of residential properties for the purposes of social housing	Ireland
National Asset Sarasota Limited Liability Company	100%	100%	Acquisition of property assets located in the US in settlement of debt owed to the Group	US
Pembroke Ventures D.A.C.	100%	100%	Holding company	Ireland
Pembroke Beach D.A.C.	100%	100%	Acquisition of property assets located in Poolbeg West SDZ	Ireland

Pembroke West Homes D.A.C.	100%	100%	Acquisition of property assets located in Poolbeg West SDZ	Ireland
National Asset Leisure Holdings Limited (in Voluntary Liquidation)	100%	100%	Holding company	Ireland
RLHC Resort Lazer SGPS, S.A.	100%	100%	Facilitate legal restructure	Portugal
RLHC Resort Lazer II SGPS, S.A.	100%	100%	Facilitate legal restructure	Portugal

At the reporting date, all subsidiaries have their registered offices in Treasury Dock, North Wall Quay, Dublin 1, with the exception of RLHC and RLHC II. The registered office of RLHC and RLHC II is Rua Garrett, N.º 64, 1200-204 Lisbon, Portugal.

NAMAI holds 100 €1.00 ordinary shares in National Asset Management D.A.C. (NAM) representing 100% of the issued share capital of NAM.

The Company has considered whether there is evidence of the existence of impairment of its investment in NAM under IAS 36 *Impairment of Assets.* The Company is satisfied that there are no indicators of impairment.

15. Related party disclosures

The related parties of the Group comprise the following:

Subsidiaries

Details of the interests held in NAMAI's subsidiaries are given in Note 1 to the financial statements.

Minister for Finance

The Minister for Finance (the 'Minister') established NAMA under the NAMA Act 2009. Sections 13 and 14 of the Act grant certain powers to the Minister in relation to NAMA. Section 13 provides that the Minister may issue guidelines to NAMA for the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is required to have regard to any such guidelines in performing its functions. Section 14 provides that the Minister may issue directions to NAMA concerning the achievement of the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is obliged to comply with any such direction.

The effect of these statutory provisions is that the Minister has the ability to exercise significant influence over NAMA.

Participating Institutions

During 2010, a number of legislative measures were enacted that gave the Minister rights and powers over certain financial institutions in respect of various matters of ownership, board composition, acquisition or sale of subsidiaries, business activity, restructuring and banking activity. The Participating Institutions also agreed to consult with the Minister prior to taking any material action which may have a public interest dimension. Participating Institutions are credit institutions that were designated by the Minister, under Section 67 of the Act, as a Participating Institution.

The Company has an operating account with Allied Irish Banks p.l.c which is a Participating Institution. The account had a balance of €188k (2019: €251k) at the reporting date. The average closing daily balance throughout the year was €245k (2019: €251k).

New Ireland Assurance Co p.l.c.

New Ireland Assurance Co p.l.c, a subsidiary of Bank of Ireland owned 17% of the share capital of NAMAI, (corresponding to 17 million of the 51 million B ordinary shares issued by NAMAI to private investors) until 26 May 2020. Dividend payments made to private investors are disclosed in Note 13.

Key management personnel

No Director of the Company received any compensation in the form of fees, salary or other compensation from the Company in their capacity as Directors of the Company. All of the Company Directors, with the exception of Aidan Williams, are employed by the National Treasury Management Agency (NTMA) and received salaries as employees of the NTMA. The Directors do not consider it practical to apportion their emoluments between their qualifying services as Directors of the Company and as directors of other NAMA group undertakings.

The table below represents an allocation of the costs incurred by NAMA (the Agency) in respect of their qualifying services as directors of the NAMAI Group.

	2020 €'000	2019 €'000
Emoluments in respect of qualifying services	138	178
Contributions in respect of qualifying services to Pension Scheme Fund, a defined contribution retirement benefit scheme	17	20
	155	**198**

Transactions with Group entities

The following are the amounts owed to and from related parties at the reporting date. All transactions with related parties are carried out on an arm's length basis.

	2020 €'000	2019 €'000
Interest income:		
Interest due from NAM	250	250
Other assets:		
Loan receivable from NAM and accrued interest	104,178	104,056
Other liabilities:		
Payable to NALM	-	94

Intergroup loan agreements

In 2010, NAMAI entered into an intergroup loan agreement with NAM.

16. External audit remuneration

The Comptroller and Auditor General and Mazars provide external audit services to the NAMA Group. The external auditors' remuneration has been borne and incurred by NALM and accordingly are not reflected in the statement of comprehensive income of the Company.

17. Events after the reporting date

(a) Covid-19 Restrictions

On 6 January 2021, the Irish Government announced a further set of restrictions in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of

private housing that was to be completed by 31 January 2021 and social housing to be completed by 28 February 2021. While all construction work has been permitted to recommence from 4 May 2021, there continues to be some uncertainty as to the extent that the impact of the Covid-19 pandemic will have on the markets that the Company and its subsidiaries operate in. The Company continues to take steps to limit the negative operational and financial impacts of the pandemic.

(b) Pembroke Transaction

On 4 June 2021 PV, PB and PWH ceased to be NAMA group entities following completion of a transaction whereby a consortium consisting of Ronan Group Real Estate, funds managed by Oaktree and Oaktree affiliate Lioncor Developments Limited, subscribed for the majority 80% shareholding in PV. As part of the transaction, the Company advanced a loan to PV.

(c) Share Capital

On 11 March 2021, the directors of the Company approved the redesignation of the B shares as A shares such that the authorised share capital of the Company is €10,000,000 divided into 100,000,000 A Shares of €0.10 each.

18. Approval of the financial statements

The Directors approved the financial statement on 21 June 2021. The financial statements were authorised for issue by the Board on 21 June 2021.

National Asset Management Group Services Designated Activity Company

Directors' Report and Financial Statements for the financial year ended 31 December 2020

National Asset Management Group Services D.A.C.
Contents

Financial Statements

National Asset Management Group Services D.A.C.
Directors and other information

Directors

Brendan McDonagh
Alan Stewart
Aidan Williams

Secretary and Registered Office

Deirdre McCabe (resigned 30 March 2021)
Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021)
Gillian Joyce (Assistant Secretary, resigned 18 June 2020)
Majella Galligan (Assistant Secretary, appointed 30 March 2021)

Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

Principal Banker

Allied Irish Banks, p.l.c.
Baggot Street Lower
Dublin 2
D02 X342

Registered Number

480245

Auditors

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

Mazars
Chartered Accountants and Statutory Audit Firm
Harcourt Centre
Block 3
Harcourt Road
Dublin 2
D02 A339

National Asset Management Group Services D.A.C.
Directors' report

The Directors of National Asset Management Group Services D. A. C. (the 'Company') present their report and audited financial statements for the financial year ended 31 December 2020.

The financial statements are set out on pages 14 to 35.

Principal activity of the Company

The Company's principal activity is to act as a holding company for its thirteen subsidiaries: National Asset Loan Management D.A.C. (NALM), National Asset Property Management D.A.C. (NAPM), National Asset Management Services D.A.C. (NAMS), National Asset JV A D.A.C. (NAJV A), National Asset North Quays D.A.C. (NANQ), National Asset Residential Property Services D.A.C. (NARPS), National Asset Sarasota LLC (NASLLC), National Asset Leisure Holdings Limited (in Voluntary Liquidation) (NALHL), RLHC Resort Lazer SGPS, S.A. (RLHC), RLHC Resort Lazer II SGPS, S.A. (RLHC II), Pembroke Ventures D.A.C. (PV), Pembroke Beach D.A.C. (PB) and Pembroke West Homes D.A.C. (PWH). The Company is wholly owned by National Asset Management D.A.C. (NAM) and is a National Asset Management Agency (NAMA) Group entity.

Directors' Responsibility Statement

The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the NAMA Act 2009 (the 'Act'), and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Irish company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting records

The measures that the Directors have taken to secure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of adequate accounting records are the use of the services of appropriately qualified accounting personnel and the maintenance of appropriate accounting systems. The Company's accounting records are maintained at the Company's registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

Business review, results and dividends
The Company acquired the beneficial interest in certain debt instruments issued by NAM. The amount payable to NAM is funded by way of a Profit Participating Loan. In turn, the Company transferred the beneficial interest in these debt instruments to NALM which was funded by way of an Intergroup Loan.

NALM used the beneficial interest in these securities to acquire a number of tranches of loans from Participating Institutions in accordance with the requirements of the NAMA Act 2009 (the 'Act').

A Profit Participating Loan provided to NAJV A by the Company enabled NAJV A to obtain investment in equity instruments.

The principal activity in the financial year was interest income of €50m (2019: €50m) from the Intergroup Loan with NALM and interest expense of €52m (2019: €62m) on the Profit Participating Loan with NAM. The Company also recorded a fair value gain of €2m (2019: €12m) on the Intergroup Loan with NAJVA.

No dividends were proposed or were paid in the financial year (2019: €nil).

The Company had no employees during the financial year (2019: none).

Financial and non-financial key performance indicators (KPIs)
The critical KPIs of the Company are those selected by the NAMA Group Board to monitor its success in meeting NAMA's stated objectives at a Group Level. Critical key performance indicators include cash generation, disposal receipts, non-disposal income and debt redemption.

Other performance indicators include:
- macro and micro economic market conditions;
- movement in the value of the assets in the underlying loan portfolios; and
- whether appropriate market conditions exist to maximise gains on sale.

Impact of Covid-19
The Covid-19 pandemic and associated restrictions have had a material effect on economic activity world-wide. From the Company's and its subsidiaries' perspective, the restrictions have impacted demand for certain classes of collateral assets as well as progress in relation to the Company's underlying subsidiaries' residential and commercial delivery programmes. Site closures, impacts to supply chains and physical distancing measures have resulted in unavoidable delays to construction projects across both the residential and commercial sectors. Accordingly, the 2020 residential delivery target was revised downwards.

Notwithstanding this, the Company's and its subsidiaries' 2020 financial performance and net cash generation remained strong with the Company and its subsidiaries continuing to make progress toward the achievement of their key strategic objectives and the revised residential delivery target was exceeded for the year. There remains significant uncertainty as to the full economic impact of the pandemic and the Company and its subsidiaries continue to make every effort to mitigate the financial and other impacts using measures under their control. The approach to the valuation of financial assets in the context of Covid-19 has been comprehensive and conservative with prudent assumptions applied to key inputs.

Future development
The Company will continue in its current business for the foreseeable future.

Going concern assessment
The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. Further details on the going concern assessment is in Note 2.1.

Events after the reporting date

(a) Covid-19 Restrictions

On 6 January 2021, the Irish Government announced a further set of restrictions in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of private housing that was to be completed by 31 January 2021 and social housing to be completed by 28 February 2021. While all construction work has been permitted to recommence from 4 May 2021, there continues to be some uncertainty as to the extent that the impact of the Covid-19 pandemic will have on the markets that the Company and its subsidiaries operate in. The Company continues to take steps to limit the negative operational and financial impacts of the pandemic.

(b) Pembroke Transactions

On 4 June 2021 PV, PB and PWH ceased to be NAMA group entities and subsidiaries of the Company following completion of a transaction whereby a consortium consisting of Ronan Group Real Estate, funds managed by Oaktree Capital Management, L.P. ('Oaktree') and Oaktree affiliate Lioncor Developments Limited, subscribed for the majority 80% shareholding in PV. The Company retained a minority 20% shareholding in PV.

(c) Dividends

On 21 June 2021 the Board of directors of NALM declared a dividend of €805m to the Company. On 21 June 2021 the Board of directors of the Company declared a dividend of €800m to NAM.

Risk management
The Company is exposed to principal risks which have the potential to have a significant impact on the achievement of the Company's overall strategic objectives.

- Domestic or international macroeconomic or financial shock;
- Material loss of human capital;
- A failure to deliver Dublin Docklands or Poolbeg plans;
- A failure to deliver Residential Delivery plans; and
- Reputational damage.

The principal risks remain under constant review by NAMA's Risk Management Committee and any changes (including the impact of Covid-19) are reported to the NAMA Board. In April 2020, the Board approved a Risk Appetite Statement for each of the Principal Risks which defines the propensity for the NAMA Group to take certain risks in order to achieve its strategic objectives. The Board reviewed and approved the Principal Risks in October 2020 which included subrisks around the pandemic.

The Company is exposed to financial risks such as credit risk and liquidity risk in the normal course of business. These risks are managed in accordance with the overall NAMA Group risk assessment policy as set out by the NAMA Board.

Its exposure to these risks arises from its balances with related entities. Credit risk is the risk that amounts receivable from related entities will not be repaid in full. Liquidity risk is the risk that the entity will not be able to meet its liabilities as they fall due. Further details on how the Company manages these financial risks are given in Note 7 of the financial statements.

Directors and Secretaries
The Directors who served during the financial year are Brendan McDonagh, Alan Stewart and Aidan Williams.

The Secretaries who served during the financial year are Deirdre McCabe (Secretary, resigned 30 March 2021), Gillian Joyce (Assistant Secretary; resigned 18 June 2020) and Deirdre O'Sullivan (Assistant Secretary; appointed as Secretary 30 March 2021).

Directors' and Secretaries' interests in shares

The Directors and Secretaries in office at 31 December 2020 had no beneficial interests (2019: none) in the share capital of the Company or any other National Asset Management Agency Investment D.A.C (NAMAI) Group Company. In addition the Directors have complied with Section 30 of the Act in relation to the disclosure of beneficial interests in the Company.

Directors' Compliance Statement

As required by Section 225 of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations" (as defined in that legislation and Tax Laws). The Directors confirm that:

- a compliance policy statement (as defined in section 225(3)(a)) has been drawn up;
- appropriate arrangements and structures that are, in the Directors' opinion, designed to secure material compliance with the relevant obligations have been put in place; and
- a review of those arrangements and structures has been conducted in the financial year to which this report relates.

Audit Committee

An Audit Committee has been established by NAMA which also covers the activities of the Company. The Audit Committee is responsible for the review of the financial reporting process, the system of internal control, the audit process, the processes, procedures and practices and for ensuring compliance with all relevant legal, regulatory and taxation requirements as they affect the NAMA Group and the Company.

Disclosure of Information to Auditors

In so far as each of the Directors in office at the date of approval of the financial statements is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Auditors

The Comptroller and Auditor General is the Company's auditor by virtue of Section 57 of the Act.

Pursuant to the requirements of the Companies Act 2014, NAMA is required to separately appoint a statutory auditor in respect of companies within the NAMA Group which are deemed to be trading for gain. As the NAMAI Group operates to return dividends to its shareholder it is deemed to be trading for gain. As such, Mazars, Chartered Accountants and Statutory Audit Firm, were appointed as statutory auditors of the Company on 1 June 2017 in accordance with section 382(1) of the Companies Act 2014. Mazars have indicated willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Asset Management Group Services Designated Activity Company

Opinion on the financial statements

I have audited the financial statements of National Asset Management Group Services Designated Activity Company (the company) for the year ended 31 December 2020 as required under the provisions of section 57 of the National Asset Management Agency Act 2009. The financial statements comprise

- the statement of comprehensive income
- the statement of financial position
- the statement of changes in equity
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion,

- the financial statements give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2020 and of its profit for 2020, and
- the financial statements have been properly prepared in accordance with the financial reporting framework set out in note 2.2 of the notes to the financial statements.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis. As described in the appendix to this report, I conclude on

- the appropriateness of the use by the directors of the going concern basis of accounting and
- whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

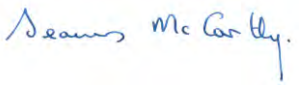
I have nothing to report in that regard.

Report of the C&AG (continued)

Report on information other than the financial statements, and on other matters

The directors have presented a report with the financial statements. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



Seamus McCarthy
Comptroller and Auditor General

25 June 2021

Appendix to the report

Responsibilities of the directors

As detailed in the directors' report, the directors' are responsible for

- the preparation of the financial statements under the National Asset Management Agency Act 2009 and in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with the financial reporting framework set out in note 2.2 of the financial statements
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 57 of the National Asset Management Agency Act 2009 to audit the financial statements of the company and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

mazars

Independent auditor's report to the

Members of National Asset Management Group Services DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Asset Management Group Services DAC ('the Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the Company financial statements, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the European Union ("EU").

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibility statement out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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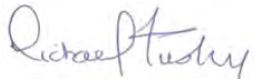
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Tuohy

for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre,
Block 3
Harcourt Road
Dublin 2
Date: 25 June 2021

National Asset Management Group Services D.A.C.
Statement of comprehensive income
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Net gain on intergroup loan measured at FVTPL	3	1,667	12,214
Interest income	4	50,259	50,123
Interest expense	5	(51,924)	(62,336)
Operating profit before income tax		**2**	**1**
Tax charge	6	-	-
Operating profit after tax		**2**	**1**
Other comprehensive income		-	-
Total comprehensive income for the financial year		**2**	**1**

The accompanying notes form an integral part of these financial statements.

All results are from continued operations.

National Asset Management Group Services D.A.C.
Statement of financial position
As at 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Assets			
Cash and cash equivalents	12	210	-
Intergroup loan receivable	13	1,002,321	1,002,455
Intergroup interest receivable	13	321,697	3,447,033
Intergroup loan measured at FVTPL	13	22,621	21,031
Other intergroup receivables	13	-	2
Other assets	14	1,098	574
Investments in subsidiaries	13	-	-
Total assets		**1,347,947**	**4,471,095**
Liabilities			
Intergroup loan payable	13	994,969	994,969
Intergroup interest payable	13	352,591	3,475,542
Other intergroup payables	13	237	481
Other liabilities	15	140	95
Total liabilities		**1,347,937**	**4,471,087**
Equity and reserves			
Called up share capital	11	-	-
Retained earnings	10	10	8
Total equity and reserves		**10**	**8**
Total equity and liabilities		**1,347,947**	**4,471,095**

The accompanying notes form an integral part of these financial statements.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

National Asset Management Group Services D.A.C.
Statement of changes in equity
For the financial year ended 31 December 2020

	Note	Share capital €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2020		-	8	8
Profit for the financial year	10	-	2	2
Total comprehensive income		-	2	2
Balance at 31 December 2020		-	10	10

	Note	Share capital €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2019		-	7	7
Profit for the financial year	10	-	1	1
Total comprehensive income		-	1	1
Balance at 31 December 2019		-	8	8

The accompanying notes form an integral part of these financial statements.

National Asset Management Group Services D.A.C
Statement of cash flows
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000
Cash flow from operating activities		
Repayment of intergroup loan		210
Net cash provided by operating activities		**210**
Cash and cash equivalents held at the beginning of the financial year		-
Net cash provided by operating activities		210
Cash held at the end of the financial year	12	**210**

The Company has an operating account with Allied Irish Banks p.l.c. The account had a balance of €11 at 31 December 2019. The net cash used in operating activities during 2019 was €37.

The accompanying notes form an integral part of these financial statements.

1. General Information

The proposed creation of the National Asset Management Agency (NAMA) was announced in the Minister for Finance's Supplementary Budget on 7 April 2009 and the NAMA Act 2009, (the 'Act') was passed in November 2009.

The Act established NAMA as a separate statutory body, with its own Board and Chief Executive Officer ('CEO') appointed by the Minister for Finance in December 2009. The NAMA Board and all committees established by the NAMA Board are also responsible for the oversight and governance of all NAMA Group entities.

The Company's immediate parent is National Asset Management D.A.C. (NAM), a company incorporated in Ireland.The Company is ultimately controlled by NAMA. Until 26 May 2020 NAMA owned 49% of the Company's ultimate parent, National Asset Management Agency Investment D.A.C. ('NAMAI'). The remaining 51% of the shares of NAMAI were held by private investors. Under the terms of a shareholders' agreement between NAMA and the private investors, NAMA could exercise a veto over decisions taken by NAMAI. As a result of this veto, the private investors' ability to control the financial and operating policies of NAMAI was restricted and NAMA had effective control of NAMAI and its subsidiaries. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI. The smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared is NAMA.

The Company acts as the holding company for thirteen subsidiaries at the reporting date:

1) *National Asset Loan Management D.A.C. (NALM)*

NALM was incorporated on 27 January 2010. The purpose of NALM is to acquire, hold, and manage the loan assets acquired from the Participating Institutions. NALM has one subsidiary, National Asset North Quays D.A.C. (NANQ).

2) *National Asset North Quays D.A.C. (NANQ)*

NANQ was incorporated on 8 April 2015. NANQ is a 100% wholly owned subsidiary of NALM and was established to hold the freehold lands acquired by NAMA at 72-80 North Wall Quay, Dublin 1 in February 2015 and to receive proceeds from a secure income stream from the lands in the form of a licence fee. The licence was granted to a third party for a period of six years to enable the development of the site for long-term commercial benefit. In addition to the secure income stream, a fixed percentage of rents and a percentage of sales proceeds of any completed development to be built on the lands are due to NANQ.

3) *National Asset Management Services D.A.C. (NAMS)*

NAMS was incorporated on 27 January 2010. Previously a non-trading entity, NAMS acquired a 20% shareholding in a general partnership associated with the NAJV A investment during 2013.

4) *National Asset JV A D.A.C. (NAJV A)*

On 4 July 2013, NAMA established a subsidiary, NAJV A. NAJV A is a wholly owned subsidiary of NAMGS. NAMA entered a joint venture arrangement with a consortium whereby a 20% interest in a limited partnership was acquired, and NAJV A was established to facilitate this transaction. Since its incorporation, NAJV A has invested in other joint arrangements with third parties where it has taken a minority, non-controlling equity interest in an investee to facilitate the delivery of commercial and residential real estate property.

5) *National Asset Property Management D.A.C. (NAPM)*

NAPM was incorporated on 27 January 2010. The purpose of NAPM is to take direct ownership of assets if and when required.

NAPM has five subsidiaries: NARPS, NASLLC and NALHL (in Voluntary Liquidation), RLHC and RLHC II.

6) *National Asset Residential Property Services D.A.C. (NARPS)*

On 18 July 2012 NAMA established a subsidiary NARPS. NARPS is a wholly owned subsidiary of NAPM, and was established to acquire residential properties and to lease and ultimately sell these properties to approved housing bodies and/or local authorities for social housing purposes. On 28 September 2019, the Minister for Finance issued a direction to NAMA to retain ownership of NARPS. NARPS is to remain in State ownership and the value attributable may form part of any potential transfer of assets as part of the surplus transfer.

A total of 2,614 (2019: 2,605) residential properties were delivered to the social housing sector by NAMA debtors from inception to the reporting date, of which 2,580 (2019: 2,569) were completed and contracts on a further 34 (2019: 36) properties (for both direct sale and through NARPS) were exchanged at the reporting date. Completed units delivered since inception include the direct sale of 1,119 (2019: 1,110) properties by NAMA debtors and receivers to various approved housing bodies and/or local authorities, the direct leasing of 89 (2019: 89) properties by NAMA debtors and receivers and the acquisition by NARPS of 1,372 (2019: 1,370) properties for lease to approved housing bodies.

7) *National Asset Sarasota Limited Liability Company (NASLLC)*

On 1 August 2013, NAMA established a US subsidiary, National Asset Sarasota Limited Liability Company (NASLLC). NASLLC is a wholly owned subsidiary of NAPM, and was established to acquire property assets located in the US following insolvency processes. Since its acquisition, NASLLC has acquired two assets located in the US and has subsequently sold these assets.

8) *Pembroke Ventures D.A.C (PV)*

On 19 July 2019, PV was acquired to hold NAMA's interest in Pembroke Beach D.A.C and Pembroke West Homes D.A.C. which became subsidiaries of PV on 26 July 2019. In July 2019, NAMA invited interested parties, through an open market process, to subscribe for a majority 80% shareholding in PV. This process completed in December 2020, with a consortium consisting of Ronan Group Real Estate, funds managed by Oaktree Capital Management, L.P. ('Oaktree') and Oaktree affiliate Lioncor Developments Limited, subscribing for the majority 80% shareholding in PV. This transaction completed on 4 June 2021 and PV ceased to be a NAMA Group entity as at that date.

9) *Pembroke Beach D.A.C (PB)*

On 5 April 2019, PB was established to hold land in Poolbeg West SDZ. PB was a 100% wholly owned subsidiary of the Company until 26 July 2019, when it became a 100% wholly owned subsidiary of PV. On 4 June 2021, PB ceased to be a NAMA Group entity.

10) *Pembroke West Homes D.A.C (PWH)*

On 5 April 2019, PWH was established to hold land in Poolbeg West SDZ. PWH was a 100% wholly owned subsidiary of the Company until 26 July 2019, when it became a 100% wholly owned subsidiary of PV. On 4 June 2021, PWH ceased to be a NAMA Group entity.

11) *National Asset Leisure Holdings Limited (In Voluntary Liquidation) (NALHL)*

On 10 January 2014, NAMA established a subsidiary, NALHL (in Voluntary Liquidation) (NALHL). NALHL (in Voluntary Liquidation) is a wholly owned subsidiary of NAPM and was established to acquire 100% of the share capital of two Portuguese entities, RLHC and RLHC II.

The establishment of these entities was required to facilitate the legal restructure of a number of entities with Portuguese property assets. Following the completion of the legal restructure, NALHL (in Voluntary Liquidation) was placed into liquidation on 18 December 2014. The control of NALHL (in

Voluntary Liquidation) is with the liquidator who will realise the assets of NALHL (in Voluntary Liquidation).

12) and 13) *RLHC Resort Lazer SGPS, S.A. (RLHC), RLHC Resort Lazer II SGPS, S.A. (RLHC II)*

On 5 February 2014, NAMA established two new subsidiaries, RLHC and RLHC II. RLHC and RLHC II are wholly owned subsidiaries of NALHL (in Voluntary Liquidation) and acquired 90% and 10% respectively of the share capital of a number of Portuguese entities, following the legal restructure of the debt owed by these entities.

With the exception of RLHC and RLHC II, the address of the registered office of each company at the reporting date is Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8. Each company is incorporated and domiciled in the Republic of Ireland, except for NASLLC, which is incorporated and domiciled in the US and RLHC I and RLHC II which are incorporated and domiciled in Portugal. The address of the registered office of RLHC and RLHC II is Rua Garrett, N°. 64, 1200-204 Lisbon, Portugal.

Loan agreements

There are three intergroup loan facility agreements in operation in the Company, the first of which is between NAM and the Company. Under this agreement NAM has agreed to transfer, in various tranches, the beneficial interest in a combination of Government guaranteed securities and subordinated bonds (the 'securities') to the Company for a total consideration of up to the maximum principal amount of €54bn. The payment for the transfer of these securities is to be funded by way of a Profit Participating Loan. Under the terms of the Loan agreement, interest charged is equal to the borrowing company's annual tax adjusted profits less a margin of €1,000.

The second Loan agreement is between the Company and NALM. The Company transfers the beneficial interest in the securities to NALM up to the same maximum principal amount of €54bn. The receipt for the transfer of these securities is funded by way of an Intergroup Loan. Under the terms of the Loan agreement, interest charged is at a rate of interest.

The third Loan agreement is between the Company and NAJV A. The loan facility has a maximum principal amount of €100m. The facility of €20m originally put in place was to facilitate the investment in the limited liability partnership created as part of a third party loan sale by NALM. This investment was repaid in full in March 2016. The facility was then used to acquire future equity investments. This facility is a Profit Participating Loan.

2. Summary of significant accounting policies

2.1 Going concern

The financial statements for the financial year ended 31 December 2020 have been prepared on a going concern basis. The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. The period of assessment used by the Directors is twelve months from the reporting date of these annual financial statements.

2.2 Basis of compliance and measurement

The Company's financial statements for the financial year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union, the NAMA Act 2009 (the 'Act'), and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The Company has claimed exemption under IFRS 10.4 not to prepare consolidated accounts as its results and the results of its subsidiaries are presented in the consolidated financial statements of NAMA. NAMA's consolidated financial statements are available at its registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

The financial statements have been prepared under the historical cost convention, except for an intergroup loan which has been measured at fair value.

The financial statements are presented in euro (€), which is the Company's functional and presentational currency. The figures shown in the financial statements are stated in thousands (€ '000s) unless otherwise stated.

In accordance with IAS 1 *Presentation of Financial Statements*, assets and liabilities are presented in order of liquidity.

2.3 Changes in significant accounting policies

There have been no new standards or interpretations or changes in significant accounting policies that have had a material effect on the Company's financial statements for the year ended 31 December 2020.

2.4 IFRS Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations have been issued but are not yet effective. The Company has not early adopted them in preparing these financial statements. Of these standards that are not yet effective, none are expected to have a significant impact on the Company's financial statements in the period of initial application.

2.5 Financial assets

Recognition and initial measurement

The Company recognises financial assets in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at fair value. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss. Other than financial assets at FVTPL, transaction costs that are directly attributable to the acquisition or issue of financial assets are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and subsequent measurement

Subsequent to initial recognition, a financial asset is classified and subsequently measured at

(a) Amortised cost
(b) Fair value through other comprehensive income (FVOCI)
(c) Fair value through profit & loss (FVTPL)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Company may irrevocably designate an equity instrument as FVOCI. The election to designate an investment in an equity instrument at FVOCI is made on an instrument-by instrument basis.

Any financial asset that does not qualify for amortised cost measurement or measurement at FVOCI must be measured subsequent to initial recognition at FVTPL except if it is an investment in an equity instrument designated at FVOCI. The Company may irrevocably elect on initial recognition to designate a financial asset at FVTPL if the designation eliminates or significantly reduces an accounting mismatch that would have occurred if the financial asset had been measured at amortised cost or FVOCI.

Contractual cash flows are solely payments of principal and interest assessment
For the purpose of the solely payments of principal and interest ('SPPI') assessment, principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Business model assessment
The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Company considers the following information when making the business model assessment:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

(d) Amortised cost
The Company has classified and measured certain intergroup loans and receivables and cash and cash equivalents at amortised cost less any expected credit loss allowance.

(e) Fair value through profit & loss
The Company has classified and measured certain intergroup loans at FVTPL on the basis that they are held to realise associated collateral value through on going disposal of loans, property and collateral and where collecting contractual cashflows is incidental. These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in the statement of comprehensive income. Fair value is determined in the manner described in Note 2.12.

2.6 Financial liabilities

The Company recognises financial liabilities in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are measured initially at fair value. The Company classifies and subsequently measures its financial liabilities at amortised cost, with any difference between the proceeds net of transaction costs and the redemption value recognised in the statement of comprehensive income using the effective interest method. Where financial liabilities are classified as FVTPL, gains and losses arising from subsequent changes in fair value are recognised directly in the statement of comprehensive income.

2.7 De-recognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.8 Investments in subsidiary undertakings

Investments in subsidiary undertakings have been accounted for at cost in accordance with IAS 27 *Consolidated and Separate Financial Statements.*

2.9 Interest income and interest expense

Interest income and interest expense for all interest-bearing financial instruments other than those measured at FVTPL is recognised as interest income and interest expense in the statement of comprehensive income using the effective interest rate ('EIR') method.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of a financial asset or the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset except for impaired financial assets or to the amortised cost of the financial liability. For financial assets that have become impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

2.10 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income.

(a) Current income tax

Current income tax is the expected tax payable on the taxable income for the financial year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Current income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise.

The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

Deferred income tax related to FVOCI reserves is recognised in other comprehensive income and subsequently in the statement of comprehensive income together with the deferred gain or loss.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.11 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognised in profit or loss if the carrying amount exceeds its recoverable amount.

2.12 Determination of fair value

The Company measures fair value in accordance with IFRS 13 which defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date, regardless of whether that price is directly observable or estimated using another valuation technique.

Financial instruments are initially recognised at fair value and, with the exception of financial assets at fair value through profit or loss, the initial carrying amount is adjusted for direct and incremental transaction costs. In the normal course of business, the fair value on initial recognition is the transaction price (fair value of consideration given or received).

Subsequent to initial recognition, fair values are determined using valuation techniques. These valuation techniques maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation techniques used incorporate the factors that market participants would take into account in pricing a transaction. Valuation techniques include the use of recent orderly transactions between market participants, reference to other similar instruments, option pricing models, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Valuation techniques

In the case of loans measured at FVTPL, the fair value of these instruments is determined with input from management and using internally generated valuation models based on selected comparable market data points. The majority of the significant inputs into these models are not readily observable in the market and the inputs are therefore derived from market prices for similar assets or estimated based on certain assumptions. The determination of key inputs used such as the timing and amount

of expected future cash flows on the financial asset and the appropriate discount rates applicable require management judgement and estimation.

All adjustments in the calculation of the present value of future cash flows are based on factors market participants would take into account in pricing the financial instrument.

Certain financial instruments (both assets and liabilities) may be valued on the basis of valuation techniques that feature one or more significant market inputs that are not observable. When applying a valuation technique with unobservable data, estimates are made to reflect uncertainties in fair values resulting from a lack of market data. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on non-observable data are inherently uncertain because there is little or no current market data available from which to determine the price at which an orderly transaction between market participants would occur under current market conditions.

The calculation of fair value for any financial instrument may require adjustment of the valuation technique output to reflect the cost of credit risk, if market participants would include one, where these are not embedded in underlying valuation techniques.

2.13 Impairment of financial assets

The Company assesses, on a regular basis, the impairment of financial assets measured at amortised cost and at FVOCI on an expected credit loss (ECL) basis. The measurement of ECL is based on a three-stage approach:

- Stage 1: where financial instruments have not had a significant increase in credit risk since initial recognition, a provision for 12-month ECL is recognised, being the ECL that results from default events that are possible within 12 months of the reporting date;
- Stage 2: where financial instruments have had a significant increase in credit risk since initial recognition but does not have objective evidence of impairment, a lifetime ECL is recognised, being the ECL that result from all possible default events possible over the lifetime of the financial asset;
- Stage 3: where financial assets show objective evidence of impairment, a lifetime ECL is recognised.

There are a variety of approaches that could be used to assess whether the credit risk on a financial instrument has increased significantly since initial recognition. In some cases, detailed quantitative information about the probability of default of a financial instrument or formal credit rating will be available which is used to compare changes in credit risk. The Company monitors financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition on a regular basis.

The measurement of the loss allowance is based on the present value of the applicable financial assets expected cash flows using the financial asset effective interest rate.

2.14 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Net gain on intergroup loan measured at FVTPL

	2020 €'000	2019 €'000
Fair value gain on Profit Participating Loan to NAJVA	1,667	12,214

The Company assesses the classification and measurement of each financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing that asset.

4. Interest income

	2020 €'000	2019 €'000
Interest charged on Loan to NALM	50,259	50,123

5. Interest expense

	2020 €'000	2019 €'000
Interest charged on Profit Participating Loan from NAM	51,924	62,336

6. Tax charge

The Company is a qualifying entity within the meaning of Section 110 of the Taxes Consolidation Act. As such profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions of Case I of Schedule D.

The reconciliation of tax on profit at the relevant Irish corporation rate to the Company's actual tax charge for the financial year is as follows:

Reconciliation of tax on profits	2020 €'000	2019 €'000
Profit before tax	2	1
Tax calculated at a tax rate of 25%	-	-
Tax charge	-	-

A tax charge of €250 (2019: €250) has been recognised but is not shown on the statement of comprehensive income due to rounding.

The corporation tax rate applicable to the Company's income is 25%.

The Company has no tax-related contingent liabilities and contingent assets in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. No significant effects arise from changes in tax rates or tax laws after the reporting period.

7. Risk management

The Company is exposed to credit risk and liquidity risk in the normal course of business. Its exposure to these risks arises from its balances with related entities. Credit risk is the risk that amounts receivable from related entities will not be repaid in full. Liquidity risk is the risk that the entity will not be able to meet its liabilities as they fall due.

The Company is exposed to credit risk of €1.3bn (2019: €4.5bn). The maximum exposure to credit risk is deemed to be the total assets of €1.3bn (2019: €4.5bn).

The intergroup loan facility is repayable on demand. However, the Company has received an undertaking from NAM that it will not demand repayment within 12 months from the date the Directors sign the financial statements.

These risks are managed in accordance with the overall NAMA Group risk assessment policy as set out by the NAMA Board.

7.1 Non-derivative cash flows

The following table presents the cash flows payable by the Company on foot of its non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative cash flows 31 December 2020	**0-6 months €'000**	**Total €'000**
Liabilities		
Intergroup interest payable	352,591	**352,591**
Intergroup loan payable	994,969	**994,969**
Other intergroup payables	237	**237**
Other liabilities	140	**140**
Total liabilities	**1,347,937**	**1,347,937**
Assets held for managing liquidity risk	**210**	**210**

Non-derivative cash flows 31 December 2019	**0-6 months €'000**	**Total €'000**
Liabilities		
Intergroup interest payable	3,475,542	**3,475,542**
Intergroup loan payable	994,969	**994,969**
Other intergroup payables	481	**481**
Other liabilities	95	**95**
Total liabilities	**4,471,087**	**4,471,087**
Assets held for managing liquidity risk	**-**	**-**

The Company is not exposed to any other price risk.

7.2. Information regarding the credit quality of financial instruments

The credit quality of the financial instrument amounts at 31 December 2020 have been graded satisfactory (2019: satisfactory) and are not past due or impaired. Default occurs when a counterparty does not meet its obligations. Cash and cash equivalents are held with AIB which has a very low risk of default and a low credit risk profile. AIB is rated investment grade by credit rating agencies at 31 December 2020 (2019: investment grade).

8. Fair value of financial assets and liabilities

(a) Comparison of carrying value to fair value

The following table summarises the carrying amounts and fair values of financial assets and liabilities presented on the Company's statement of financial position.

As at 31 December	2020 Carrying value €'000	2020 Fair value €'000	2019 Carrying value €'000	2019 Fair value €'000
Assets				
Cash and cash equivalents	210	210	-	-
Intergroup interest receivable	321,697	321,697	3,447,033	3,447,033
Intergroup loan receivable	1,002,321	1,002,321	1,002,455	1,002,455
Intergroup loan receivable measured at FVTPL	22,621	22,621	21,031	21,031
Other intergroup receivables	-	-	2	2
Total assets	**1,346,849**	**1,346,849**	**4,470,521**	**4,470,521**
Liabilities				
Intergroup interest payable	352,591	352,591	3,475,542	3,475,542
Intergroup loan payable	994,969	994,969	994,969	994,969
Other intergroup payables	237	237	481	481
Other liabilities	140	140	95	95
Total liabilities	**1,347,937**	**1,347,937**	**4,471,087**	**4,471,087**

For financial assets and liabilities which are not subsequently measured at fair value in the statement of financial position, their carrying value is deemed to be fair value as they are repayable on demand.

(b) Fair value hierarchy

IFRS 13 Fair Value Measurement specifies a three level hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect assumptions that are specific to the asset and are not necessarily based on observable market data. The fair value hierarchy comprises:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes the Intergroup loan that is measured at FVTPL.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Fair value hierarchy for assets and liabilities measured at fair value

31 December 2020	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Intergroup loan	-	-	22,621	**22,621**

31 December 2019	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Intergroup loan	-	-	21,031	**21,031**

There were no transfers between hierarchy levels during 2020 and 2019.

IFRS 13 requires that financial assets and liabilities not carried at fair value but for which fair value is disclosed are also classified within the fair value hierarchy. Financial assets and liabilities measured at amortised cost are classified under Level 1.

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value.

Intergroup loan at FVTPL	Note	2020 €'000	2019 €'000
Balance as at 1 January		21,031	27,709
Drawdown of loan		133	106
Repayment of loan		(210)	(18,998)
Fair value gain on loan	3	1,667	12,214
Balance as at 31 December		**22,621**	**21,031**

Quantitative information about fair value measurements (Level 3)

The intergroup loan is repayable on demand so the par value is deemed to be its fair value.

Sensitivity of Level 3 measurements

It is considered that any increase/decrease in the profits of the borrower will have an equal effect on the fair value of the intergroup loan.

Categories of financial assets and financial liabilities

Financial assets and liabilities are categorised in accordance with IFRS 9 as follows:

- Amortised Cost
- Fair value through profit and loss (FVTPL)

Financial Assets	2020 Amortised cost €'000	2020 FVTPL €'000
Cash and cash equivalents	210	-
Intergroup interest receivable	321,697	-
Intergroup loan receivable	1,002,321	-
Intergroup loan at fair value through profit or loss	-	22,621

Financial Assets	2019 Amortised cost €'000	2019 FVTPL €'000
Intergroup interest receivable	3,447,033	-
Intergroup loan receivable	1,002,455	-
Other intergroup receivables	2	-
Intergroup loan at fair value through profit or loss	-	21,031

Financial liabilities	2020 Amortised cost €'000	2019 Amortised cost €'000
Intergroup interest payable	352,591	3,475,542
Intergroup loan payable	994,969	994,969
Other intergroup payables	237	481
Other liabilities	140	95

9. Capital management

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. The Company's objectives when managing capital in its statement of financial position are:

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business and to distribute any surplus to the Exchequer from time to time.

Refer to Note 7 for further detail.

10. Retained earnings

	2020 €'000	2019 €'000
Retained profits		
At 1 January	8	7
Profit for the financial year	2	1
At 31 December	**10**	**8**

11. Called up share capital

As at 31 December 2020 and 2019	Number	€
Authorised:		
Ordinary shares of €1 each	1,000	1,000
Issued and fully paid:		
Ordinary shares of €1 each	100	100

The Company's capital base comprises only share capital. These shares do not have any special rights, preferences or restrictions attaching to them.

12. Cash and cash equivalents

	2020 €'000	2019 €'000
Balances with AIB	210	-

No expected credit loss has been recognised on cash and cash equivalents.

13. Related party disclosures

The related parties of the Company comprise the following:

NAMA Group entities

The Company's immediate parent entity is NAM, a Company incorporated in Ireland. The Company is ultimately controlled by NAMA, which owned 49% of National Asset Management Agency Investment D.A.C. ('NAMAI') until 26 May 2020. The remaining 51% of the shares in NAMAI were held by private investors until that date. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI.

The related party group comprises:

National Asset Management Agency
National Asset Management Agency Investment D.A.C.
National Asset Management D.A.C.
National Asset Loan Management D.A.C.
National Asset North Quays D.A.C.
National Asset Management Services D.A.C.
National Asset Property Management D.A.C.
National Asset JV A D.A.C.
National Asset Sarasota Limited Liability Company
National Asset Residential Property Services D.A.C.
Pembroke Ventures D.A.C.
Pembroke Beach D.A.C.
Pembroke West Homes D.A.C.
National Asset Leisure Holdings Limited (In Voluntary Liquidation)
RLHC Resort Lazer SGPS, S.A.
RLHC Resort Lazer II SGPS, S.A.

Minister for Finance

The Minister for Finance (the Minister) established NAMA under the NAMA Act 2009. Sections 13 and 14 of the Act grant certain powers to the Minister in relation to NAMA. Section 13 provides that the Minister may issue guidelines to NAMA for the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is required to have regard to any such guidelines in performing its functions. Section 14 provides that the Minister may issue directions to NAMA concerning the achievement of the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is obliged to comply with any such direction.

The effect of these statutory provisions is that the Minister has the ability to exercise significant influence over NAMA.

Participating Institutions

During 2010, a number of legislative measures were enacted that gave the Minister rights and powers over certain financial institutions in respect of various matters of ownership, board composition, acquisition or sale of subsidiaries, business activity, restructuring and banking activity. The Participating Institutions also agreed to consult with the Minister prior to taking any material action which may have a public interest dimension. Participating Institutions are credit institutions that were designated by the Minister, under Section 67 of the Act, as a Participating Institution.

The Company has an operating account with Allied Irish Banks p.l.c which is a Participating Institution. The account had a balance of €210k (2019: €11) at the reporting date. The average closing daily balance throughout the year was €88k (2019: €20).

Key management personnel

No Director of the Company received any compensation in the form of fees, salary or other compensation from the Company in their capacity as Directors of the Company. All of the Company Directors, with the exception of Aidan Williams, are employed by the National Treasury Management Agency (NTMA) and received salaries as employees of the NTMA. The Directors who served during the year are also Directors of National Asset Management Agency Investment D.A.C., a fellow NAMA group company. The Directors are also Directors of a number of other NAMA group undertakings. The Directors do not consider it practical to apportion their emoluments between their qualifying services as Directors of the Company and as Directors of other NAMA group undertakings. The emoluments of these Directors are disclosed in the financial statements of NAMAI.

Related party balances

The following are the amounts owed to and from related parties at the reporting date. All transactions with related parties are carried out on an arm's length basis.

Net gain on intergroup loans measured at FVTPL	2020 €'000	2019 €'000
Fair value gain on Profit Participating Loan to NAJV A	1,667	12,214

Interest income	2020 €'000	2019 €'000
Interest charged on Loan to NALM	50,259	50,123

Interest expense	2020 €'000	2019 €'000
Interest charged on Profit Participating Loan from NAM	51,924	62,336

Intergroup loan receivables	2020 €'000	2019 €'000
Intergroup loan receivable from NALM	1,002,321	1,002,455

No expected credit loss has been recognised on the intergroup loan receivable from NALM.

Intergroup interest receivable	2020 €'000	2019 €'000
Intergroup interest receivable from NALM	321,697	3,447,033

Intergroup loan receivable measured at FVTPL	2020 €'000	2019 €'000
Intergroup loan receivable from NAJV A	22,621	21,031

Other intergroup receivables	2020 €'000	2019 €'000
Other intergroup receivables – NAM	-	2

All intergroup receivables are current assets.

Payables	2020 €'000	2019 €'000
Profit Participating loan payable to NAM	994,969	994,969
Profit Participating interest payable to NAM	352,591	3,475,542
Other payable to NALM	237	481
	1,347,797	**4,470,992**

All intergroup payables are current liabilities. The Company also as a payable of €100 to NAPM, NAMS, NALM, NAJVA and PV.

Under the various loan agreements, interest is payable to the Company by NALM and NAJV A. Interest is then payable by the Company to NAM. For further details on the Loan agreements see Note 1.

Investment in subsidiaries	2020 €	2019 €
National Asset Property Management D.A.C. Investment in subsidiary	100	100
National Asset Management Services D.A.C. Investment in subsidiary	100	100
National Asset Loan Management D.A.C. Investment in subsidiary	100	100
National Asset JV A D.A.C. Investment in subsidiary	100	100
Pembroke Ventures D.A.C Investment in subsidiary	100	100
Total investment in subsidiaries	**500**	**500**

The Company has considered the existence of impairment of its investments, under IAS 36 Impairment of Assets, and is satisfied that there are no indicators of impairment.

There are no other transactions with related parties other than those set out in this note and all related party transactions occur on an arm's length basis.

14. Other assets

	2020 €'000	2019 €'000
Deferred costs	1,098	574

15. Other liabilities

	2020 €'000	2019 €'000
Accrued expenses	140	95

16. External audit remuneration

The Comptroller and Auditor General and Mazars provide external audit services to the NAMA Group. The external auditors' remuneration has been borne and incurred by NALM and accordingly are not reflected in the statement of comprehensive income of the Company.

17. Investments in subsidiary undertakings

The subsidiary undertakings and percentage ownership of NAMGS in those subsidiaries are as follows:

Group Subsidiary	Percentage ownership	Percentage voting rights	Principal Activity	Country of incorporation
National Asset Loan Management D.A.C.	100%	100%	Securitisation and asset management	Ireland
National Asset Property Management D.A.C	100%	100%	Real estate	Ireland
National Asset Management Services D.A.C.	100%	100%	Holding company for shareholding in a general partnership	Ireland
National Asset JV A D.A.C.	100%	100%	Investment in a partnership as a limited partner	Ireland
National Asset North Quays D.A.C.	100%	100%	Acquisition of certain property assets in settlement of debt owed to NAMA	Ireland
National Asset Residential Property Services D.A.C.	100%	100%	Provision of residential properties for the purposes of social housing	Ireland
National Asset Sarasota Limited Liability Company	100%	100%	Acquisition of property assets located in the US in settlement of debt owed to NAMA	US
National Asset Leisure Holdings Limited (in Voluntary Liquidation)	100%	100%	Holding company	Ireland
RLHC Resort Lazer SGPS, S.A.	100%	100%	Facilitate legal restructure	Portugal

RLHC Resort Lazer II SGPS, S.A.	100%	100%	Facilitate legal restructure	Portugal
Pembroke Ventures D.A.C.	100%	100%	Holding company	Ireland
Pembroke Beach D.A.C.	100%	100%	Acquisition of property assets located in Poolbeg West SDZ	Ireland
Pembroke West Homes D.A.C.	100%	100%	Acquisition of property assets located in Poolbeg West SDZ	Ireland

With the exception of RLHC and RLHC II, the address of the registered office of each company is Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8. Each Company is incorporated and domiciled in the Republic of Ireland, except for NASLLC, which is incorporated and domiciled in the US and RLHC and RLHC II which are incorporated and domiciled in Portugal. The address of the registered office of RLHC I and RLHC II is Rua Garrett, N°. 64, 1200-204 Lisbon, Portugal. Investments in subsidiary undertakings have been accounted for in accordance with accounting policy 2.8.

18. Events after the reporting date

(a) Covid-19 Restrictions

On 6 January 2021, the Irish Government announced a further set of restrictions in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of private housing that was to be completed by 31 January 2021 and social housing to be completed by 28 February 2021. While all construction work has been permitted to recommence from 4 May 2021, there continues to be some uncertainty as to the extent that the impact of the Covid-19 pandemic will have on the markets that the Company and its subsidiaries operate in. The Company continues to take steps to limit the negative operational and financial impacts of the pandemic.

(b) Pembroke Transactions

On 4 June 2021 PV, PB and PWH ceased to be NAMA group entities and subsidiaries of the Company following completion of a transaction whereby a consortium consisting of Ronan Group Real Estate, funds managed by Oaktree Capital Management, L.P. ('Oaktree') and Oaktree affiliate Lioncor Developments Limited, subscribed for the majority 80% shareholding in PV. The Company retained a minority 20% shareholding in PV.

(c) Dividends

On 21 June 2021 the Board of directors of NALM declared a dividend of €805m to the Company. On 21 June 2021 the Board of directors of the Company declared a dividend of €800m to NAM.

19. Approval of financial statements

The Directors approved the financial statements on 21 June 2021. The financial statements were authorised for issue by the Board on 21 June 2021.

National Asset Management Services Designated Activity Company

Directors' Report and Financial Statements for the financial year ended 31 December 2020

National Asset Management Services D.A.C
Contents

Financial Statements

National Asset Management Services D.A.C
Directors and other information

Directors

Brendan McDonagh
Alan Stewart
Aidan Williams

Secretaries and Registered Office

Deirdre McCabe (resigned 30 March 2021)
Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021)
Gillian Joyce (Assistant Secretary, resigned 18 June 2020)
Majella Galligan (Assistant Secretary, appointed 30 March 2021)

Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

Registered Number

480247

Auditors

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

Mazars
Chartered Accountants and Statutory Audit Firm
Harcourt Centre Block 3
Harcourt Road
Dublin 2
D02 A339

The Directors of National Asset Management Services D.A.C. (the 'Company') present their report and the audited financial statements of the Company for the financial year ended 31 December 2020.

The financial statements are set out on pages 13 to 27.

Principal activity of the Company

The Company, a National Asset Management Agency (NAMA) Group Company, acts as the holding company for a shareholding in a general partnership.

Directors' Responsibility Statement

The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the NAMA Act 2009 (the 'Act'), and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Irish company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting records

The measures that the Directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the use of the services of appropriately qualified accounting personnel and the maintenance of appropriate accounting systems. The Company's accounting records are maintained at the Company's registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

Business review, results and dividends

The Company was incorporated on 27 January 2010. Previously a non-trading entity, the Company acquired a 20% shareholding in a general partnership associated with the National Asset JVA ('NAJV A') investment during 2013. There was no change to the shareholding held by the Company in the general partnership. For more information on the 20% shareholding, see Note 4 to the Financial Statements. The Company had no employees during the financial year (2019: Nil).

The Company had no profit or loss in the financial year (2019: €Nil) and no dividends were proposed or paid in the financial year, nor in the prior year.

Impact of Covid-19

The Covid-19 pandemic and associated restrictions have had a material effect on economic activity world-wide. From the Company's perspective, the pandemic and restrictions have had no impact during 2020.

Future development

The liquidation process for the general partnership which the Company holds an investment in has commenced. Once this liquidation process is complete, the Company will become a dormant company.

Going concern assessment

The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. Further details on the going concern assessment is in note 2.1

Events after the reporting date

A liquidator was appointed to the general partnership in which the Company holds an investment in on 5 March 2021. This liquidation process is still ongoing.

Risk management

The Company is exposed to principal risks which have the potential to have a significant impact on the achievement of the Company's overall strategic objectives:

- Domestic or international macroeconomic or financial shock;
- Material loss of human capital; and
- Reputational damage.

The principal risks remain under constant review by NAMA's Risk Management Committee and any changes (including the impact of Covid-19) are reported to the NAMA Board. In April 2020, the Board approved a Risk Appetite Statement for each of the Principal Risks which defines the propensity for the NAMA Group to take certain risks in order to achieve its strategic objectives. The Board reviewed and approved the Principal Risks in October 2020 which included subrisks around the pandemic.

The Company is exposed to financial risks such as credit risk and liquidity risk in the normal course of business. Further details on how the Company manages these risks are given in Note 7 of the financial statements.

Directors and Secretaries

The Directors, who served throughout the financial year, are Brendan McDonagh, Alan Stewart and Aidan Williams.

The Secretaries, who served during the financial year, are Deirdre McCabe (Secretary, resigned 30 March 2021), Gillian Joyce (Assistant Secretary, resigned 18 June 2020) and Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021).

Directors' and Secretaries' interests in shares

The Directors and Secretaries in office at 31 December 2020 had no beneficial interests (2019: none) in the share capital of the Company or any other National Asset Management Agency Investment D.A.C. ('NAMAI') Group Company. In addition, the Directors have complied with Section 30 of the National Asset Management Agency Act 2009 in relation to the disclosure of beneficial interests in the Company.

Disclosure of Information to Auditors

In so far as each of the Directors in office at the date of approval of the financial statements is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Auditors

The Comptroller and Auditor General is the Company's auditor by virtue of Section 57 of the Act.

Pursuant to the requirements of the Companies Act 2014, NAMA is required to separately appoint a statutory auditor in respect of companies within the NAMA Group which are deemed to be trading for gain. As the NAMAI Group operates to return dividends to its shareholder it is deemed to be trading for gain. As such, Mazars, Chartered Accountants and Statutory Audit Firm, were appointed as statutory auditors of the Company on 1 June 2017 in accordance with section 382(1) of the Companies Act 2014. Mazars have indicated willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Asset Management Services Designated Activity Company

Opinion on the financial statements

I have audited the financial statements of National Asset Management Services Designated Activity Company (the company) for the year ended 31 December 2020 as required under the provisions of section 57 of the National Asset Management Agency Act 2009. The financial statements comprise

- the statement of comprehensive income
- the statement of financial position
- the statement of changes in equity
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion,

- the financial statements give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2020 (there was no income or expenditure during the year), and
- the financial statements have been properly prepared in accordance with the financial reporting framework set out in note 2.2 of the notes to the financial statements.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis. As described in the appendix to this report, I conclude on

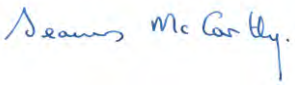
- the appropriateness of the use by the directors of the going concern basis of accounting and
- whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

I have nothing to report in that regard.

Report on information other than the financial statements, and on other matters

The directors have presented a report with the financial statements. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



Seamus McCarthy
Comptroller and Auditor General

25 June 2021

Appendix to the report

Responsibilities of the directors

As detailed in the directors' report, the directors are responsible for

- the preparation of the financial statements under the National Asset Management Agency Act 2009 and in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with the financial reporting framework set out in note 2.2 of the financial statements
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 57 of the National Asset Management Agency Act 2009 to audit the financial statements of the company and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

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Independent auditor's report to the

Members of National Asset Management Services DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Asset Management Services DAC ('the Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the Company financial statements, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the European Union ("EU").

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibility statement out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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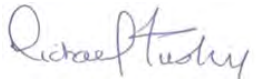
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Tuohy

for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre,
Block 3
Harcourt Road
Dublin 2
Date: 25 June 2021

National Asset Management Services D.A.C.
Statement of comprehensive income
For the financial year ended 31 December 2020

The Company had no income, expense or other comprehensive income for the financial year ended 31 December 2020 or for the financial year ended 31 December 2019.

The accompanying notes form an integral part of these financial statements.

National Asset Management Services D.A.C.
Statement of financial position
As at 31 December 2020

	Note	31 December 2020 €	31 December 2019 €
Assets			
Investments in equity instruments	4	-	-
Intergroup receivables	6	100	100
Total assets		**100**	**100**
Liabilities			
Intergroup payables	6	20	20
Total liabilities		**20**	**20**
Equity and reserves			
Called up share capital presented as equity	5	100	100
Retained losses		(20)	(20)
Total equity and reserves		**80**	**80**
Total equity and liabilities		**100**	**100**

The accompanying notes form an integral part of these financial statements.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

National Asset Management Services D.A.C.
Statement of changes in equity
For the financial year ended 31 December 2020

	Share capital €	Retained losses €	Total equity €
Balance as at 1 January 2020 / 2019 and 31 December 2020 / 2019	**100**	**(20)**	**80**

The accompanying notes form an integral part of these financial statements.

National Asset Management Services D.A.C.
Statement of cash flows
For the year ended 31 December 2020

The Company has no bank accounts and there were no cash transactions during the current and prior financial year.

1. General Information

The proposed creation of the National Asset Management Agency ('NAMA') was announced in the Minister for Finance's Supplementary Budget on 7 April 2009 and the NAMA Act 2009 (the 'Act') was passed in November 2009.

The Act established NAMA as a separate statutory body, with its own Board and Chief Executive Officer ("CEO") appointed by the Minister for Finance in December 2009. The NAMA Board and all committees established by the NAMA Board are also responsible for the oversight and governance of all NAMA Group entities.

The Company's immediate parent is National Asset Management Group Services D.A.C ('NAMGS'), a company incorporated in Ireland. The Company is ultimately controlled by NAMA. Until 26 May 2020 NAMA owned 49% of the Company's ultimate parent, National Asset Management Agency Investment D.A.C. ('NAMAI'). The remaining 51% of the shares of NAMAI were held by private investors. Under the terms of a shareholders' agreement between NAMA and the private investors, NAMA could exercise a veto over decisions taken by NAMAI. As a result of this veto, the private investors' ability to control the financial and operating policies of NAMAI was restricted and NAMA had effective control of NAMAI and its subsidiaries. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI. The smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared is NAMA.

The address of the registered office of the Company is Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8. The Company is incorporated and domiciled in the Republic of Ireland.

2. Significant accounting policies

2.1 Going concern

The financial statements for the financial year ended 31 December 2020 have been prepared on a going concern basis as the Directors are satisfied, having considered the principal risks and uncertainties impacting the Company that it has the ability to continue in business for the period of assessment. The period of assessment used by the directors is twelve months from the reporting date of these annual financial statements.

2.2 Basis of compliance and measurement

The Company's financial statements for the financial year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, the NAMA Act 2009, and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention, except for investments in equity instruments which have been measured at fair value.

The financial statements are presented in euro (€), which is the Company's functional and presentational currency.

No cash flow statement is provided for the Company. All cash movements are made through National Asset Loan Management D.A.C. (NALM).

In accordance with IAS 1 *Presentation of Financial Statements*, assets and liabilities are presented in order of liquidity.

2.3 Changes in significant accounting policies

There have been no new standards, interpretations or changes in significant accounting policies that have had an effect on the Company's financial statements for the year ended 31 December 2020.

2.4 IFRS Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations have been issued but are not yet effective. The Company has not early adopted them in preparing these financial statements. Of these standards that are not yet effective, none are expected to have a significant impact on the Company's financial statements in the period of initial application.

2.5 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income.

(a) Current income tax

Current income tax is the expected tax payable on the taxable income for the financial year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Current income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise.

The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.6 Financial assets

Recognition and initial measurement
The Company recognises financial assets in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at fair value. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss (FVTPL) are recognised immediately in profit or loss. For assets measured on a basis other than at FVTPL, transaction costs that are directly attributable to the acquisition or issue of financial assets are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and subsequent measurement
The Company classifies its financial assets into the following categories:

(a) Financial assets at fair value through profit or loss

This category of assets includes investments in equity instruments.

An equity instrument is any contract that results in a residual interest in the assets of an entity after deducting all of its liabilities. An equity instrument has no contractual obligation to deliver cash or another financial asset.

Equity instruments are measured at FVTPL. The fair value of equity instruments is measured based on valuation techniques which consider the value of the Company's claim to the underlying assets of the entity. Changes in fair value are recognised in the statement of comprehensive income as part of other income / (expenses). Distributions from equity instruments are recognised in the statement of comprehensive income as part of other income / (expenses). Equity instruments are separately disclosed in the statement of financial position, where applicable.

b) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has classified and measured intergroup receivables at amortised cost.

2.7 Financial liabilities

The Company recognises financial liabilities in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are measured initially at fair value. The Company classifies and subsequently measures its financial liabilities at amortised cost, with any difference between the proceeds net of transaction costs and the redemption value recognised in the statement of comprehensive income using the effective interest method. Where financial liabilities are classified as FVTPL, gains and losses arising from subsequent changes in fair value are recognised directly in the statement of comprehensive income.

2.8 De-recognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.9 Determination of fair value

The Company measures fair values in accordance with IFRS 13 which defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Company has access at that date, regardless of whether that price is directly observable or estimated using another valuation technique.

Financial instruments are initially recognised at fair value and, with the exception of financial assets at fair value through profit or loss, the initial carrying amount is adjusted for direct and incremental transaction costs. In the normal course of business, the fair value on initial recognition is the transaction price (fair value of consideration given or received).

Subsequent to initial recognition, fair values are determined using valuation techniques. These

valuation techniques seek to maximise the use of publicly available relevant observable inputs and minimise the use of unobservable inputs. The valuation techniques used incorporate the factors that management believe market participants would take into account in pricing a transaction. Valuation techniques may include the use of recent orderly transactions between market participants, reference to other similar instruments, option pricing models, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Valuation techniques

In the absence of quoted market prices, fair value is calculated using valuation techniques. Fair value may be estimated using quoted market prices for similar instruments, adjusted for differences between the quoted instrument and the instrument being valued. Where the fair value is calculated using discounted cash flow analysis, the methodology is to use, to the extent possible, market data that is either directly observable or is implied from instrument prices, such as interest rate yield curves, equities and commodities prices, credit spreads, option volatilities and currency rates.

The valuation methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The assumptions involved in these valuation techniques include:

– the likelihood and expected timing of future cash flows of the instrument. These cash flows are generally governed by the terms of the instrument, although management judgement may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. In addition, future cash flows may also be sensitive to the occurrence of future events, including changes in market rates; and

– selecting an appropriate discount rate for the instrument, based on the interest rate yield curves including the determination of an appropriate spread for the instrument over the risk-free rate. The spread is adjusted to take into account the specific credit risk profile of the exposure.

Adjustments to the calculation of the present value of future cash flows are based on factors that management believe market participants would take into account in pricing the financial instrument.

Certain other financial instruments (both assets and liabilities) may be valued on the basis of valuation techniques that feature one or more significant inputs that are not observable in the market. When applying a valuation technique with unobservable data, estimates are made to reflect uncertainties in fair values resulting from a lack of market data. For these instruments, the fair value measurement is less reliable. Valuations based on non-observable data are inherently uncertain because there is little or no current market data available from which to determine the price at which an orderly transaction between market participants would occur under current market conditions.

The calculation of fair value for any financial instrument may require adjustment of the valuation technique output to reflect the cost of credit risk, if market participants would include one, where these are not embedded in underlying valuation techniques.

2.10 Impairment of financial assets

The Company assesses, on a regular basis, the impairment of financial assets measured at amortised cost on an expected credit loss (ECL) basis. The measurement of ECL is based on a three-stage approach:

- Stage 1: where financial instruments have not had a significant increase in credit risk since initial recognition, a provision for 12-month ECL is recognised, being the ECL that results from default events that are possible within 12 months of the reporting date;
- Stage 2: where financial instruments have had a significant increase in credit risk since initial recognition but does not have objective evidence of impairment, a lifetime ECL is recognised, being the ECL that result from all possible default events possible over the lifetime of the financial asset;
- Stage 3: where financial assets show objective evidence of impairment, a lifetime ECL is recognised.

There are a variety of approaches that could be used to assess whether the credit risk on a financial instrument has increased significantly since initial recognition. In some cases, detailed quantitative information about the probability of default of a financial instrument or formal credit rating will be available which is used to compare changes in credit risk. The Company monitors financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition on a regular basis.

The measurement of the loss allowance is based on the present value of the applicable financial assets expected cash flows using the financial assets effective interest rate or an approximation thereof.

3. Critical accounting estimates and judgements

In the preparation of the financial statements, management has made judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year-end date. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

The most significant balance expected to be impacted is investments in equity instruments:

In determining the appropriate accounting treatment of investments in equity instruments, in line with IAS 28 Investments in Associates and Joint Ventures, the existence of control or the existence of significant influence is considered on a case-by-case basis, using the following indicators:

- representation on the board of directors or equivalent governing body;
- participation in the policy-making process;
- material transactions between the two parties;
- interchange of managerial personnel;
- provision of essential technical information; and
- potential voting rights.

At the reporting date, there were no investments in equity instruments in which control or significant influence by the Company existed.

4. Investments in equity instruments

	2020 €	2019 €
Investments in equity instruments	-	-

During 2013, the NAMA Group entered a partnership with a consortium of investors in relation to the sale of a portfolio of loans by National Asset Loan Management D.A.C ('NALM').

The Company acquired a 20% interest in the general partnership as a general partner for a consideration of €20. The general partner (the Company), does not have the ability to exercise significant influence or control over the partnership and therefore the investment in the partnership is recognised as an equity investment. This investment is carried at a fair value of €Nil at 31 December 2020 (2019: €Nil).

The overall investment by the NAMA Group in the partnership comprises a 20% investment, split between a 20% interest in the general partner and a 20% interest in the limited partner. The interest was acquired as consideration for the sale of certain loans. The NAMA Group is not able to exercise significant influence over the partnership, as the remaining 80% interest in the general partnership is held by one shareholder who controls the decision making of the partnership.

5. Called up share capital presented as equity

As at 31 December 2020 and 2019	Number	€
Authorised:		
Ordinary shares of € 1 each	1,000	1,000
Issued and not yet paid:		
Ordinary shares of € 1 each	100	100

The Company's capital base comprises only share capital. These shares do not have any special rights, preferences or restrictions attaching to them.

6. Related party disclosures

The related parties of the Company comprise the following:

NAMA Group entities

The Company's immediate parent entity is NAMGS, a company incorporated in Ireland. The Company is ultimately controlled by NAMA, which owned 49% of National Asset Management Agency Investment D.A.C. ('NAMAI') until 26 May 2020. The remaining 51% of the shares in NAMAI were held by private investors until that date. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI.

The related party Group comprises:

National Asset Management Agency
National Asset Management Agency Investment D.A.C.
National Asset Management D.A.C.
National Asset Management Group Services D.A.C.
National Asset Loan Management D.A.C.
National Asset North Quays D.A.C.
National Asset Property Management D.A.C.
National Asset JV A D.A.C.
National Asset Sarasota Limited Liability Company
Pembroke Ventures D.A.C.
Pembroke Beach D.A.C.
Pembroke West Homes D.A.C
National Asset Residential Property Services D.A.C.
National Asset Leisure Holdings Limited (In Voluntary Liquidation)
RLHC Resort Lazer SGPS, S.A.
RLHC Resort Lazer II SGPS, S.A.

Minister for Finance

The Minister for Finance (the 'Minister') established NAMA under the NAMA Act 2009. Sections 13 and 14 of the Act grant certain powers to the Minister in relation to NAMA. Section 13 provides that the Minister may issue guidelines to NAMA for the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is required to have regard to any such guidelines in performing its functions. Section 14 provides that the Minister may issue directions to NAMA concerning the achievement of the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is obliged to comply with any such direction.

The effect of these statutory provisions is that the Minister has the ability to exercise significant influence over NAMA.

Key management personnel

No Director of the Company received any compensation in the form of fees, salary or other compensation from the Company in their capacity as Directors of the Company. All of the Company Directors, with the exception of Aidan Williams, are employed by the National Treasury Management Agency (NTMA) and received salaries as employees of the NTMA. The Directors who served during the year are also Directors of National Asset Management Agency Investment D.A.C., a fellow NAMA group company. The Directors are also directors of a number of other NAMA group undertakings. The Directors do not consider it practical to apportion their emoluments between their qualifying services as Directors of the Company and as Directors of other NAMA group undertakings. The emoluments of these Directors are disclosed in the financial statements of NAMAI.

Related party balances

The following are the amounts due to and receivable from related parties at the reporting date. There were no transactions during the financial year 2020.

Receivables	2020 €	2019 €
Intergroup receivable from NAMGS	100	100

There is no expected credit loss on the Intergroup receivable for NAMGS.

Payables	2020 €	2019 €
Intergroup payable to NALM	20	20

The intergroup receivable balance of €100 represents the proceeds from the issuance of the shares of the Company to its parent, NAMGS. The intergroup receivable is repayable on demand.

The intergroup payable balance of €20 represents the liability owed to NALM following payment made on behalf of the Company to facilitate the equity investment (see Note 4). The intergroup payable is a current liability.

There are no other transactions with related parties other than those set out in this note and all related party transactions occur on an arm's length basis.

7. Risk management

The Company is exposed to credit risk and liquidity risk in the normal course of business. Its exposure to these risks arises from its balances with related entities. Credit risk is the risk that amounts receivable from related entities will not be repaid in full. Liquidity risk is the risk that the entity will not be able to meet its liabilities as they fall due.

The Company is exposed to credit risk of €100 (2019: €100), being the total assets of the entity.

These risks are managed in accordance with the overall NAMA Group risk assessment policy as set out by the NAMA Board.

7.1. Non-derivative cash flows

The following table presents the cash flows payable by the Company on foot of its non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative cash flows 2020	0-6 months €	Total €
Liabilities		
Intergroup payables	20	20
Total liabilities	**20**	**20**
Assets held for managing liquidity risk	-	-

Non-derivative cash flows 2019	0-6 months €	Total €
Liabilities		
Intergroup payables	20	20
Total liabilities	**20**	**20**
Assets held for managing liquidity risk	-	-

The Company is not exposed to any other price risk.

7.2. Information regarding the credit quality of financial instruments

The credit quality of the financial instrument amounts at 31 December 2020 have been graded satisfactory (2019: satisfactory) and are not past due or impaired.

8. Fair value of financial assets and liabilities

a) Comparison of carrying value to fair value

The following table summarises the carrying amounts and fair values of financial assets and liabilities presented on the Company's statement of financial position.

	2020 Carrying value €	2020 Fair value €	2019 Carrying value €	2019 Fair value €
Financial assets				
Investments in equity instruments	-	-	-	-
Intergroup receivables	100	100	100	100
Total financial assets	**100**	**100**	**100**	**100**
Financial liabilities				
Intergroup payables	20	20	20	20
Total financial liabilities	**20**	**20**	**20**	**20**

Financial assets and liabilities not subsequently measured at fair value

For financial assets and liabilities which are not subsequently measured at fair value in the statement of financial position, their fair values are their carrying value due to their short term nature.

b) Fair value hierarchy

IFRS 13 *Fair Value Measurement* specifies a three level hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. The fair value hierarchy comprises:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments with significant unobservable components. The fair value of equity investments is based on the asset value of the underlying companies. The asset value of the underlying companies is primarily derived from the fair value of the underlying properties. The fair value is calculated using residual valuation approach and market evidence of comparable transactions. The significant unobservable component used for valuation is asset value.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Fair value hierarchy for assets measured at fair value

31 December 2020	**Level 1** €	**Level 2** €	**Level 3** €	**Total** €
Assets				
Investments in equity instruments	-	-	-	-

31 December 2019	**Level 1** €	**Level 2** €	**Level 3** €	**Total** €
Assets				
Investments in equity instruments	-	-	-	-

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period). The Company's policy is to recognise transfers into and out of the fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer.

There were no transfers between hierarchy levels during 2020 and 2019.

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value.

Investments in equity instruments	2020 €	2019 €
Balance as at 1 January	-	-
Fair value movements	-	-
Balance as at 31 December	-	-

The Company had no realised gains or losses on the disposal of its equity instruments during the financial year (2019: €nil).

IFRS 13 requires that financial assets and liabilities not carried at fair value but for which fair value is disclosed are also classified within the fair value hierarchy. Financial assets and liabilities measured at amortised cost are classified under Level 3.

Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Level 3 assets	Valuation technique	Unobservable input	Fair value 31 December 2020 €	Fair value 31 December 2019 €
Investments in equity instruments	Residual valuation approach	Asset value	-	-

Sensitivity of Level 3 measurements

The implementation of valuation techniques involves a considerable degree of judgement. The sensitivity analysis has been determined based on the exposure to possible alternative assumptions in the valuation methodology at the end of the reporting period. It is considered that a 10% increase in the net asset value would result in a 10% increase in fair value.

Categories of financial assets and financial liabilities

Financial assets and liabilities are categorised in accordance with IFRS 9 as follows:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial liabilities measured at amortised cost.

Financial assets	2020 Amortised Cost €	2020 FVTPL €
Intergroup receivables	100	-
Investments in equity instrument	-	-

Financial liabilities	2020 Amortised Cost €	2020 FVTPL €
Intergroup payables	20	-

Financial assets	2019 Amortised Cost €	2019 FVTPL €
Intergroup receivables	100	-
Investments in equity instrument	-	-

Financial liabilities	2019 Amortised Cost €	2019 FVTPL €
Intergroup payables	20	-

9. External audit remuneration

The Comptroller and Auditor General and Mazars provide external audit services to the NAMA Group. The external auditors' remuneration has been borne and incurred by NALM and accordingly are not reflected in the statement of comprehensive income of the Company.

10. Capital management

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. The Company's objectives when managing capital in its statement of financial position are:

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- to maintain a strong capital base to support the development of its business.

11. Events after the reporting date

A liquidator was appointed to the general partnership in which the Company holds an investment in on 5 March 2021. This liquidation process is still ongoing.

12. Approval of financial statements

The Board of Directors approved the financial statements on 21 June 2021. The financial statements were authorised for issue by the Board on 21 June 2021.

National Asset North Quays Designated Activity Company

Directors' Report and Financial Statements for the financial year ended 31 December 2020

National Asset North Quays D.A.C.
Contents

Financial Statements

National Asset North Quays D.A.C.
Directors and other information

Directors

Brendan McDonagh
Alan Stewart
Aidan Williams

Secretaries and Registered Office

Deirdre McCabe (resigned 30 March 2021)
Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021)
Gillian Joyce (Assistant Secretary, resigned 18 June 2020)
Majella Galligan (Assistant Secretary, appointed 30 March 2021)

Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

Principal Bankers

Central Bank of Ireland
North Wall Quay
Dublin 1
D01 F7X3

Allied Irish Banks, p.l.c.
Baggot Street Lower
Dublin 2
D02 X342

Registered Number

559967

Auditors

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

Mazars
Chartered Accountants and Statutory Audit Firm
Harcourt Centre Block 3
Harcourt Road
Dublin 2
D02 A339

National Asset North Quays D.A.C.
Directors' Report

The Directors of the National Asset North Quays D.A.C. (the 'Company') present their report and the audited financial statements for the financial year ended 31 December 2020.

The financial statements are set out on pages 14 to 35.

Principal activity of the Company

The Company was incorporated on 8 April 2015, and is a National Asset Management Agency (NAMA) Group company. The Company is a 100% wholly owned subsidiary of National Asset Loan Management D.A.C. (NALM) and was established to hold the freehold lands acquired by the National Asset Management Agency (NAMA) at 72-80 North Wall Quay, Dublin 1 in February 2015 and to receive proceeds from a secure income stream from the lands in the form of a licence fee. The licence was granted to a third party for a period of six years to enable the development of the site for long-term commercial benefit. In addition to the secure income stream, a fixed percentage of rents and a percentage of sales proceeds of any completed development to be built on the lands are due to the Company.

Directors' Responsibility Statement

The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the NAMA Act 2009 (the 'Act'), and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Irish company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting records

The measures that the Directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the use of the services of appropriately qualified accounting personnel and the maintenance of appropriate accounting systems. The Company's accounting records are maintained at the Company's registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

Business review, results and dividends

The Company acquired the lands at North Wall Quay from a related company, National Asset Property Management D.A.C. (NAPM). These lands are held as inventories – trading properties under IAS 2 and are carried at the lower of cost and net realisable value. The value of these lands at the reporting date is €2.3m (2019: €9.7m). The Company made a profit of €34.5m (2019: €39.4m) on the disposal of 11 trading properties (2019: 4) at North Wall Quay during 2020 (sale proceeds €42.1m less carrying values €7.2m and related sales costs €0.4m).

The Company, as part of the acquisition, also paid €9.4m in consideration for the present value of the secure future income stream from these lands. This balance is held as a financial asset measured at fair value through the profit or loss in accordance with IFRS 9. Gains of €0.08m (2019: €4.7m losses) arising on re-measurement on the financial asset are recognised in the statement of comprehensive income. The value of the financial asset at the reporting date is €0.01m (2019: €0.1m).

The acquisition of the lands by the Company was funded by an intergroup loan from its parent, National Asset Loan Management D.A.C. (NALM). The balance outstanding on the intergroup loan with NALM at the reporting date is €38.8m (2019: €53.1m).

No dividends are proposed or have been paid during the year (2019: €Nil). The Company had no employees during the financial year (2019: Nil).

Impact of Covid-19

The Covid-19 pandemic and associated restrictions have had a material effect on economic activity world-wide. From the Company's perspective, the restrictions have impacted the Company's underlying property assets through reductions in market activity as well as progress in relation to the delivery of the property assets. Site closures, impacts to supply chains and physical distancing measures have resulted in unavoidable delays to construction projects across both the residential and commercial sectors. There remains significant uncertainty as to the full economic impact of the pandemic and the Company continues to make every effort to mitigate the financial and other impacts using measures under its control.

Future development

The Company will continue in its current business for the foreseeable future.

Going concern assessment

The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. Further details on the going concern assessment is in Note 2.1.

Events after the reporting date

Covid-19 Restrictions

On 6 January 2021, the Irish Government announced a further set of restrictions in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of private housing that was to be completed by 31 January 2021 and social housing to be completed by 28 February 2021. While all construction work has been permitted to recommence from 4 May 2021, there continues to be some uncertainty as to the extent that the impact of the Covid-19 pandemic will have on the markets that the Company operates in. The Company continues to take steps to limit the negative operational and financial impacts of the pandemic.

Risk management

The Company is exposed to principal risks which have the potential to have a significant impact on the achievement of the Company's overall strategic objectives:

- Domestic or international macroeconomic or financial shock;
- Material loss of human capital;
- A failure to deliver Dublin Docklands and
- Reputational damage.

The principal risks remain under constant review by NAMA's Risk Management Committee and any changes (including the impact of Covid-19) are reported to the NAMA Board. In April 2020, the Board approved a Risk Appetite Statement for each of the Principal Risks which defines the propensity for the NAMA Group to take certain risks in order to achieve its strategic objectives. The Board reviewed and approved the Principal Risks in October 2020 which included subrisks around the pandemic.

The Company is exposed to financial risks such as credit risk and liquidity risk in the normal course of business. Further details on how the Company manages these risks are given in Note 14 of the financial statements.

Directors and Secretaries

The Directors, who served during the financial year, are Brendan McDonagh, Aidan Williams and Alan Stewart.

The Secretaries, who served during the financial year, are Deirdre McCabe (Secretary, resigned 30 March 2021), Gillian Joyce (Assistant Secretary, resigned 18 June 2020) and Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021).

Directors' and Secretaries' interests in shares

The Directors and Secretaries in office at 31 December 2020 had no beneficial interests (2019: none) in the share capital of the Company or any other National Asset Management Agency Investment D.A.C. ('NAMAI') Group Company. In addition the Directors have complied with Section 30 of the Act in relation to the disclosure of beneficial interests in the Company.

Directors' Compliance Statement

As required by Section 225 of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations" (as defined in that legislation and Tax Laws). The Directors confirm that:

- a compliance policy statement (as defined in section 225(3)(a)) has been drawn up;
- appropriate arrangements and structures that are, in the Directors' opinion, designed to secure material compliance with the relevant obligations have been put in place; and
- a review of those arrangements and structures has been conducted in the financial year to which this report relates.

Disclosure of Information to Auditors

In so far as each of the Directors in office at the date of approval of the financial statements is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Auditors
The Comptroller and Auditor General is the Company's auditor by virtue of Section 57 of the Act.

Pursuant to the requirements of the Companies Act 2014, NAMA is required to separately appoint a statutory auditor in respect of companies within the NAMA Group which are deemed to be trading for gain. As the NAMAI Group operates to return dividends to its shareholder it is deemed to be trading for gain. As such, Mazars, Chartered Accountants and Statutory Audit Firm, were appointed as statutory auditors of the Company on 1 June 2017 in accordance with section 382(1) of the Companies Act 2014. Mazars have indicated willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Asset North Quays Designated Activity Company

Opinion on the financial statements

I have audited the financial statements of National Asset North Quays Designated Activity Company (the company) for the year ended 31 December 2020 as required under the provisions of section 57 of the National Asset Management Agency Act 2009. The financial statements comprise

- the statement of comprehensive income
- the statement of financial position
- the statement of changes in equity
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion,

- the financial statements give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2020 and of its loss for 2020, and
- the financial statements have been properly prepared in accordance with the financial reporting framework set out in note 2.2 of the notes to the financial statements.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis, as explained in note 2.1.

As described in the appendix to this report, I conclude on

- the appropriateness of the use by the directors of the going concern basis of accounting and
- whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

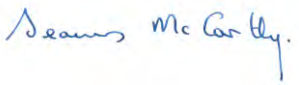
I have nothing to report in that regard.

Report of the C&AG (continued)

Report on information other than the financial statements, and on other matters

The directors have presented a report with the financial statements. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



Seamus McCarthy
Comptroller and Auditor General

25 June 2021

Appendix to the report

Responsibilities of the directors

As detailed in the directors' report, the directors are responsible for

- the preparation of the financial statements under the National Asset Management Agency Act 2009 and in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with the financial reporting framework set out in note 2.2 of the financial statements
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 57 of the National Asset Management Agency Act 2009 to audit the financial statements of the company and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

mazars

Independent auditor's report to the

Members of National Asset North Quays DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Asset North Quays DAC ('the Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the Company financial statements, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the European Union ("EU").

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Emphasis of matter

We draw attention to note 2.1 of the financial statements, which describes the Company's ability to continue as a going concern. The directors have set out in this note the basis upon which they believe it is appropriate to prepare the financial statements on a going concern basis.

Our opinion is not modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibility statement out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

mazars

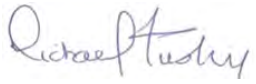
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Tuohy

for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre,
Block 3
Harcourt Road
Dublin 2
Date: 25 June 2021

National Asset North Quays D.A.C.
Statement of comprehensive income
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Sale of inventory – trading properties	4	42,128	45,445
Cost of sales	4	(7,648)	(6,068)
Net profit on sale of inventory – trading properties		**34,480**	**39,377**
Fair value gains / (losses) on financial asset measured at FVTPL	5	84	(4,745)
Interest expense	6	(34,666)	(40,264)
Administration expenses	7	(91)	123
Operating loss before tax		**(193)**	**(5,509)**
Tax credit / (charge)	8	56	(62)
Loss for the financial year		**(137)**	**(5,571)**
Total comprehensive expense for the financial year		**(137)**	**(5,571)**

The accompanying notes form an integral part of these financial statements.

All results are related to continuing operations.

National Asset North Quays D.A.C.
Statement of financial position
As at 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Assets			
Cash and cash equivalents	9	28,164	36,065
Financial asset measured at FVTPL	10	14	135
Inventories – trading properties	11	2,317	9,661
Other assets	12	6	26
Total assets		**30,501**	**45,887**
Liabilities			
Tax payable	18	-	56
Other liabilities	13	39,995	55,188
Total liabilities		**39,995**	**55,244**
Equity and reserves			
Called up share capital	16	-	-
Retained losses	17	(9,494)	(9,357)
Total equity and reserves		**(9,494)**	**(9,357)**
Total equity, reserves and liabilities		**30,501**	**45,887**

The accompanying notes form an integral part of these financial statements.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

National Asset North Quays D.A.C.
Statement of changes in equity
For the financial year ended 31 December 2020

	Note	Share capital €'000	Retained earnings / (losses) €'000	Total equity €'000
Balance as at 1 January 2020		**-**	**(9,357)**	**(9,357)**
Loss for the financial year	17	-	(137)	**(137)**
Total comprehensive expense		**-**	**(137)**	**(137)**
Balance at 31 December 2020		**-**	**(9,494)**	**(9,494)**

	Note	Share capital €'000	Retained losses €'000	Total equity €'000
Balance as at 1 January 2019		**-**	**(3,786)**	**(3,786)**
Loss for the financial year	17	-	(5,571)	**(5,571)**
Total comprehensive expense		**-**	**(5,571)**	**(5,571)**
Balance at 31 December 2019		**-**	**(9,357)**	**(9,357)**

The accompanying notes form an integral part of these financial statements.

National Asset North Quays D.A.C.
Statement of cash flows
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Cash flow from operating activities			
Licence fee		(95)	1,398
Net reimbursements		436	(2,752)
Tax paid		(6)	-
Funds received on disposal of trading properties		41,258	46,325
Interest paid on cash and cash equivalents		(236)	(166)
Net reimbursement to NALM		(522)	(1,031)
Net cash provided by operating activities		**40,835**	**43,774**
Cash flow used in financing activities			
Repayment of intergroup loan	13	(48,736)	(43,589)
Net cash flow used in financing activities		**(48,736)**	**(43,589)**
Total cash and cash equivalents held at the beginning of the financial year		**36,065**	**35,880**
Net cash provided by operating activities		40,835	43,774
Net cash used in financing activities		(48,736)	(43,589)
Total cash and cash equivalents held at the end of the financial year	9	**28,164**	**36,065**

The accompanying notes form an integral part of these financial statements.

1. General Information

The proposed creation of the National Asset Management Agency (NAMA) was announced in the Minister for Finance's Supplementary Budget on 7 April 2009 and the NAMA 2009 (the 'Act') was passed in November 2009.

The Act established NAMA as a separate statutory body, with its own Board and Chief Executive Officer ('CEO') appointed by the Minister for Finance in December 2009. The NAMA Board and all committees established by the NAMA Board are also responsible for the oversight and governance of all NAMA Group entities.

National Asset North Quays D.A.C. (the 'Company') was incorporated on 8 April 2015. The Company is a 100% wholly owned subsidiary of National Asset Loan Management D.A.C ('NALM') and was established to hold the freehold lands acquired by NAMA at 72-80 North Wall Quay, Dublin 1 in February 2015 and to receive proceeds from a secure income stream from the lands in the form of a licence fee. The licence was granted to a third party for a period of six years to enable the development of the site for long-term commercial benefit. In addition to the secure income stream, a fixed percentage of rents and a percentage of sales proceeds of any completed development to be built on the lands are due to the Company. The secure income stream was recognised at its present value in 2015. Under IAS 39, an amount of the discount from present value of the secure income stream was unwound over the life of the agreement. This guaranteed income stream was measured at FVTPL on the application of IFRS 9.

The Company's immediate parent is NALM, a company incorporated in Ireland. The Company is ultimately controlled by NAMA. Until 26 May 2020 NAMA owned 49% of the Company's ultimate parent, NAMAI. The remaining 51% of the shares of NAMAI were held by private investors. Under the terms of a shareholders' agreement between NAMA and the private investors, NAMA could exercise a veto over decisions taken by NAMAI. As a result of this veto, the private investors' ability to control the financial and operating policies of NAMAI was restricted and NAMA had effective control of NAMAI and its subsidiaries. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI. The smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared is NAMA.

The address of the registered office of the Company is Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8. The Company is incorporated and domiciled in the Republic of Ireland.

2. Significant accounting policies

2.1 Going concern

The financial statements for the financial year ended 31 December 2020 have been prepared on a going concern basis. The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. The period of assessment used by the directors is twelve months from the reporting date of these annual financial statements.

The Company is in a net deficit position as its total liabilities exceed its total assets by €9.5m (2019: €9.4m) at 31 December 2020.

The Company has entered into an intergroup loan agreement with NALM as borrower. The balance outstanding on the intergroup loan at the reporting date is €38.8m (2019: €53.1m).

Under the terms of the agreement, the intergroup loan is payable on demand.

The Company has obtained a confirmation from the Directors of NALM that they do not intend to demand repayment of the outstanding balance due under the intergroup loan agreement, at any time up to and including twelve months from the date the financial statements are signed.

The Board of NAMA, have confirmed that NAMA will provide the Company with full financial support for twelve months from the date the financial statements are signed, in order to enable the Company to meet its liabilities as they fall due and continue in operational existence for the foreseeable future. The Board of NAMA have confirmed that NAMA has access to adequate cash balances to support the Company.

On this basis, the Directors are satisfied that the Company will have access to adequate resources to continue its operations for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis.

2.2 Basis of compliance and measurement

The Company's financial statements for the financial year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, the NAMA Act 2009 and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention except for the secure income stream which has been measured at fair value.

The financial statements are presented in euro (€), which is the Company's functional and presentational currency. The figures shown in the financial statements are stated in € thousands (€'000s) unless otherwise stated.

The statement of cash flows shows the changes in cash and cash equivalents arising during the financial year from operating activities and financing activities. The cash flows from operating activities are determined using the direct method, whereby major classes of gross cash receipts and gross payments are disclosed.

In accordance with IAS 1 *Presentation of Financial Statements*, assets and liabilities are presented in order of liquidity.

2.3 Changes in significant accounting policies

There have been no new standards, interpretations or changes in significant accounting policies that have had an effect on the Company's financial statements for the year ended 31 December 2020.

2.4 IFRS Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations have been issued but are not yet effective. The Company has not early adopted them in preparing these financial statements. Of these standards that are not yet effective, none are expected to have a significant impact on the Company's financial statements in the period of initial application.

2.5 Financial assets

Recognition and initial measurement

The Company recognises financial assets in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at fair value. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss. For assets measured other than at FVTPL, transaction costs that are directly attributable to the acquisition or issue of financial assets are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

Classification and subsequent measurement

Subsequent to initial recognition, a financial asset is classified and subsequently measured at either
(a) Amortised cost
(b) Fair value through other comprehensive income (FVOCI) or
(c) Fair value through profit or loss (FVTPL)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any financial asset that does not qualify for amortised cost measurement or measurement at FVOCI must be measured subsequent to initial recognition at FVTPL. The Company may irrevocably elect on initial recognition to designate a financial asset at FVTPL if the designation eliminates or significantly reduces an accounting mismatch that would have occurred if the financial asset had been measured at amortised cost or FVOCI.

Contractual cash flows are solely payments of principal and interest assessment
For the purpose of the solely payments of principal and interest "SPPI" assessment, principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Business model assessment
The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Company considers the following information when making the business model assessment:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

(a) Amortised Cost
The Company has classified and measured cash and cash equivalents and other assets at amortised cost less any expected credit loss allowance.

(b) Fair value through profit or loss
The Company has classified and measured the financial asset at FVTPL on the basis that they are held to realise associated collateral value through on going disposal of loans, property and collateral and where collecting contractual cashflows is incidental. These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in the statement of comprehensive income. Fair value is determined in the manner described in Note 2.14.

2.6 Financial liabilities

The Company recognises financial liabilities in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are measured initially at fair value. The Company classifies and subsequently measures its financial liabilities at amortised cost, with any difference between the proceeds net of transaction costs and the redemption value recognised in the statement of comprehensive income using the effective interest method. Where financial liabilities are classified as FVTPL, gains and losses arising from subsequent changes in fair value are recognised directly in the statement of comprehensive income.

2.7 De-recognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.8 Interest expense

Interest expense for all interest-bearing financial instruments other than those accounted for at FVTPL is recognised as interest expense in the statement of comprehensive income using the effective interest rate ("EIR") method.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of a financial asset or the amortised cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortised cost of the financial liability.

2.9 Profit / (loss) on disposal of property assets

Profits and losses on the disposal of property are calculated as the difference between the carrying value of the property assets and the contractual sales price at the contractual date of sale less related transaction costs. The contractual sales price includes any deferred consideration where the Company has the contractual right to receive any deferred cash flow. Profits and losses on the disposal of property are recognised in the statement of comprehensive income when the transaction occurs.

2.10 Impairment of financial assets

The Company assesses, on a regular basis, the impairment of financial assets measured at amortised cost and at FVOCI on an expected credit loss (ECL) basis. The measurement of ECL is based on a three-stage approach:

- Stage 1: where financial instruments have not had a significant increase in credit risk since initial recognition, a provision for 12-month ECL is recognised, being the ECL that results from default events that are possible within 12 months of the reporting date;
- Stage 2: where financial instruments have had a significant increase in credit risk since initial recognition but does not have objective evidence of impairment, a lifetime ECL is recognised, being the ECL that results from all possible default events possible over the lifetime of the financial asset;
- Stage 3: where financial assets show objective evidence of impairment, a lifetime ECL is recognised.

There are a variety of approaches that could be used to assess whether the credit risk on a financial instrument has increased significantly since initial recognition. In some cases, detailed quantitative information about the probability of default of a financial instrument or formal credit rating will be available which is used to compare changes in credit risk. The Company monitors financial assets

that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition on a regular basis.

The measurement of the loss allowance is based on the present value of the applicable financial assets expected cash flows using the financial asset's effective interest rate.

The general approach for recognising and measuring a loss allowance is the same for financial instruments measured at amortised cost and those instruments that are measured at FVOCI. However, unlike amortised cost, the loss allowance on instruments at FVOCI is recognised in other comprehensive income and do not reduce the carrying amount of the financial asset in the statement of financial position.

2.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Inventories - trading properties

Trading properties include property assets which are held for resale in accordance with IAS 2 Inventories. They are recognised initially on the statement of financial position at the point at which the purchase contract has been signed with the vendor. Subsequent to initial recognition, trading properties are stated at the lower of cost and net realisable value ('NRV'). Costs are determined on the basis of specific identification of individual costs relating to each asset. Net realisable value represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale. Revisions to the carrying value of trading properties are recognised in the statement of comprehensive income.

Profits and losses on the disposal of trading properties are recognised in the statement of comprehensive income when the transaction occurs.

2.13 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income.

(a) Current income tax

Current income tax is the expected tax payable on the taxable income for the financial year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Current income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise.

The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or

substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Company assesses, on an annual basis only, the deferred tax relating to unutilised tax losses.

2.14 Determination of fair value

The Company measures fair values in accordance with IFRS 13 which defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Company has access at that date, regardless of whether that price is directly observable or estimated using another valuation technique.

Financial instruments are initially recognised at fair value and, with the exception of financial assets at fair value through profit or loss, the initial carrying amount is adjusted for direct and incremental transaction costs. In the normal course of business, the fair value on initial recognition is the transaction price (fair value of consideration given or received).

Subsequent to initial recognition, fair values are determined using valuation techniques. These valuation techniques seek to maximise the use of publicly available relevant observable inputs and minimise the use of unobservable inputs. The valuation techniques used incorporate the factors that management believe market participants would take into account in pricing a transaction. Valuation techniques may include the use of recent orderly transactions between market participants, reference to other similar instruments, option pricing models, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Valuation techniques

The valuation methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The assumptions involved in these valuation techniques include:

- the likelihood and expected timing of future cash flows of the instrument. These cash flows are generally governed by the terms of the instrument, although management judgement may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. In addition, future cash flows may also be sensitive to the occurrence of future events, including changes in market rates; and
- selecting an appropriate discount rate for the instrument, based on the interest rate yield curves including the determination of an appropriate spread for the instrument over the risk-free rate. The spread is adjusted to take into account the specific credit risk profile of the exposure.

Adjustments to the calculation of the present value of future cash flows are based on factors that management believe market participants would take into account in pricing the financial instrument.

Certain other financial instruments (both assets and liabilities) may be valued on the basis of valuation techniques that feature one or more significant inputs that are not observable in the market. When applying a valuation technique with unobservable data, estimates are made to reflect uncertainties in fair values resulting from a lack of market data. For these instruments, the fair value measurement is less reliable. Valuations based on non-observable data are inherently uncertain because there is little or no current market data available from which to determine the price at which an orderly transaction between market participants would occur under current market conditions.

The calculation of fair value for any financial instrument may require adjustment of the valuation technique output to reflect the cost of credit risk, if market participants would include one, where these are not embedded in underlying valuation techniques.

2.15 Administration expenses

Administration expenses are recognised on an accruals basis.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As management judgement involves an estimate of the likelihood of future events, actual results could differ from those estimates, which could affect the future reported amounts of assets and liabilities.

Management believes that the underlying assumptions used are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described as follows:

3.1 Fair value assessment

The fair value of the income stream at fair value through profit or loss ('FVTPL') is assessed at the end of each reporting period. Key inputs to the assessment of fair value include cash flow forecasts, discount rates, timing assumptions and management judgement. The projection of cash flows involves the exercise of considerable judgement and estimation by management involving assumptions in respect of factors such as local economic conditions and the sale of the underlying assets associated with the income stream.

Fair value is estimated by calculating the present value of the cash flow forecast to be generated. The cash flows represent NAMA's best estimate of expected future cash flows. NAMA may apply management judgement to computed fair values or the inputs to the fair value computation where it believes this more accurately reflects the fair value of the asset.

The Company's policy on fair value measurement of financial assets is set out in accounting policy 2.14.

3.2 Other management judgement and estimates

In the preparation of the financial statements, management has made judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year-end date. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

The most significant judgements made by the Company, other than those relating to fair value of the income stream, in the preparation of the financial statements is in regard to inventories - trading properties.

Inventories - trading properties

(a) Judgements made
Inventories - trading properties are accounted for under IAS 2 Inventories, as opposed to IAS 40 Investment Property. Trading properties are property assets which are held for resale. They are recognised initially on the statement of financial position at the point at which the purchase contract has been signed with the vendor, in line with accounting policy 2.12. Subsequent to initial recognition,

trading properties are stated at the lower of cost and net realisable value. Cost is determined on the basis of specific identification of individual costs relating to each asset.

(b) Estimates used
Net realisable value represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale. The assessment of the net realisable valuation of trading properties is an estimate based on the percentage of completion of property/properties that are in the course of development or based on the assessment of market information for completed trading properties. This assessment, being an accounting estimate, is subject to uncertainty.

4. Net profit on sale of inventory – trading properties

	2020 €'000	2019 €'000
Sale of inventory – trading properties	42,128	45,445
Cost of sales	(7,648)	(6,068)
Total net profit on sale of inventory – trading properties	**34,480**	**39,377**

Inventory is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts.

Cost of sales comprises the carrying value of inventory sold during the year and related sales costs. The Company sold inventory for €42.1m consideration (2019: €45.4m) and incurred related sales costs of €0.4m (2019: €0.2m reimbursement of sales costs). The inventory had a carrying value of €7.2m (2019: €6.2m).

5. Fair value gains / (losses) on financial asset measured at FVTPL

	2020 €'000	2019 €'000
Fair value gains / (losses) on financial asset measured at FVTPL	84	(4,745)

The Company assesses the classification and measurement of the financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing that asset. The financial asset is classified as 'Financial assets measured at fair value through profit or loss' under IFRS 9. Changes in fair value are recognised in the statement of comprehensive income in accordance with accounting policy 2.5. See Note 10 for further details on financial assets measured at FVTPL held by the Company at the reporting date.

6. Interest expense

	2020 €'000	2019 €'000
Interest expense on intergroup loans	34,445	40,066
Interest on cash and cash equivalents	221	198
Total interest expense	**34,666**	**40,264**

Interest expense comprised interest payable to NALM under the terms of the facility agreement.

7. Administration expenses

	2020 €'000	2019 €'000
Legal fees	16	(21)
Portfolio management fees	75	6
Finance, communication and technology costs	-	(108)
Total administration expenses	**91**	**(123)**

Portfolio management fees and legal fees in 2020 and 2019 were incurred in relation to Project Wave. Legal fees and finance, communication and technology costs in 2019 are negative due to refunds of VAT.

8. Tax (credit)/charge

The reconciliation of tax on profit at the relevant Irish corporation rate to the Company's actual tax charge for the year is as follows:

Reconciliation of tax on profits	2020 €'000	2019 €'000
Loss before tax	(193)	(5,509)
Tax calculated at a tax rate of 25%	(48)	(1,377)
Effect of:		
Non-deductible expenditure	52	1,442
Tax losses utilised	(3)	(3)
Tax losses claimed	(1)	-
Prior year adjustments	(56)	-
Taxation (credit) / charge	**(56)**	**62**

The Company has no tax-related contingent liabilities and contingent assets in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. No significant effects arise from changes in tax rates or tax laws after the reporting period.

9. Cash and cash equivalents

	2020 €'000	2019 €'000
Balances with the Central Bank of Ireland	24,618	34,451
Balances with other banks	3,546	1,614
Total cash and cash equivalents	**28,164**	**36,065**

Balances with other banks comprise balances held with AIB p.l.c. No expected credit loss has been recognised on cash and cash equivalents.

10. Financial asset measured at FVTPL

	2020 €'000	2019 €'000
Secure income stream	14	135

On acquisition of lands at North Wall Quay in 2015, the Company entered into an income sharing agreement to develop the site, which provides a secure income stream from the lands in the form of a licence fee. The licence was granted to a third party for a period of six years to enable the development of the site for long-term commercial benefit. In addition to the secure income stream, a fixed percentage of rents and a percentage of sales proceeds of any completed development to be built on the lands are also due to the Company.

The movement on the financial asset is analysed as follows:

	Note	2020 €'000	2019 €'000
Balance as at 1 January		**135**	**5,903**
Movement in year			
Licence fee		(205)	(1,023)
Fair value gain/(loss) on financial asset measured at FVTPL	5	84	(4,745)
Total financial asset		**14**	**135**

11. Inventories - trading properties

	2020 €'000	2019 €'000
Trading properties	2,317	9,661

The trading properties value relates to the purchase price paid on acquisition of the freehold lands at 72 – 80 North Wall Quay, Dublin 1, in February 2015. Trading properties are recognised in accordance with accounting policy 2.12. Eleven (2019: four) properties which had total carrying values of €7.2m (2019: €6.2m) were sold during 2020.

12. Other assets

	2020 €'000	2019 €'000
Deferred sales proceeds	-	26
Tax prepaid	6	-
Total other assets	**6**	**26**

13. Other liabilities

	2020 €'000	2019 €'000
Intergroup loan payable to NALM	38,805	53,145
Other intergroup payable to NALM	105	22
Interest payable on cash and cash equivalents	27	42
VAT payable	885	583
Other liabilities	105	981
Accrued expenses	68	415
Total other liabilities	**39,995**	**55,188**
Current	**39,995**	**55,188**

The intergroup loan payable relates to a loan advanced from the Company's parent company, NALM, to acquire the property asset and financial asset from NAPM. The interest rate on the loan is based on the net trading profits generated by the Company, less a margin of 5% of the relevant operating costs. The loan is repayable on demand.

Changes in intergroup loan arising from financing activities

	2020 €'000	2019 €'000
At the beginning of the year	**53,145**	**81,732**
Cash flows		
- Repayment of intergroup loan	(48,736)	(43,589)
Non-cash changes	34,396	15,002
At the end of the year	**38,805**	**53,145**

14. Risk management

The Company is exposed to credit risk and liquidity risk in the normal course of business. Credit risk is the risk that the income stream will not be repaid in full. Liquidity risk is the risk that the Company will not be able to meet its liabilities as they fall due.

14.1. Credit risk

Credit risk is the risk of incurring financial loss that would arise from the failure of the Company's debtor to fulfil its contractual obligations to the Company.

Credit risk is the most significant risk to the Company. The Company therefore carefully manages its exposure to credit risk. The credit risk arising from the Company's credit risk management activities is mitigated by the NAMA Group's Asset Recovery/Asset Management Policy and Procedures Framework.

14.1.1 Credit risk assessment

Credit risk assessment focuses on debtor repayment capacity.

14.1.2 Credit risk control

Credit risk policy, as determined by the NAMA Group, applies to the Company. The NAMA Group has defined a Policy and Procedures Framework. This sets out authority levels for permitted credit decisions and credit limits, as well as credit risk monitoring and reporting to be carried out by the NAMA Group, and also applies to the Company.

14.1.3 Maximum exposure to credit risk

At the reporting date, financial assets exposed to credit risk include cash and cash equivalents, the secure income stream, and other assets. It is the opinion of the Company that the maximum exposure to credit risk at the reporting date is the carrying value of the financial assets, as presented in the statement of financial position.

14.1.4 Information regarding the credit quality of financial instruments

The credit quality of the financial instrument amounts at 31 December 2020 have been graded satisfactory (2019: satisfactory). Cash and cash equivalents are held with central banks and other banks/counterparties which have a very low risk of default and a low credit risk profile. All banks/counterparties are rated investment grade by credit rating agencies at 31 December 2020 (2019: investment grade).

14.1.5 Geographical analysis

All of the Company's assets and liabilities are located in Ireland.

14.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet all of its financial obligations as and when they fall due. The intergroup loan facility is repayable on demand.

Non-derivative cash flows

The following table presents the cash flows payable by the Company on foot of its non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative cash flows 31 December 2020	**0-6 months €'000**	**Total €'000**
Liabilities		
Intergroup payables	38,910	**38,910**
VAT payable	885	**885**
Interest payable on cash and cash equivalents	27	**27**
Other liabilities	105	**105**
Accrued expenses	68	**68**
Total liabilities	**39,995**	**39,995**
Assets held for managing liquidity risk	**28,164**	**28,164**

Non-derivative cash flows 31 December 2019	**0-6 months €'000**	**Total €'000**
Liabilities		
Intergroup payables	53,167	**53,167**
VAT payable	583	**583**
Interest payable on cash and cash equivalents	42	**42**
Other liabilities	981	**981**
Accrued expenses	415	**415**
Total liabilities	**55,188**	**55,188**
Assets held for managing liquidity risk	**36,065**	**36,065**

Assets available to meet all of the liabilities include cash and cash equivalents.

15. Fair value of financial assets and liabilities

(a) Comparison of carrying value to fair value

The following table below summarises the carrying amounts and fair values of financial assets and liabilities presented on the Company's statement of financial position.

	2020 Carrying value €'000	2020 Fair value €'000	2019 Carrying value €'000	2019 Fair value €'000
Financial assets				
Cash and cash equivalents	28,164	28,164	36,065	36,065
Financial asset measured at FVTPL	14	14	135	135
Other assets	-	-	26	26
Total financial assets	**28,178**	**28,178**	**36,226**	**36,226**
Financial liabilities				
Intergroup payables	38,910	38,910	53,167	53,167
Interest payable on cash and cash equivalents	27	27	42	42
VAT payable	885	885	583	583
Other liabilities	105	105	981	981
Accrued expenses	68	68	415	415
Total financial liabilities	**39,995**	**39,995**	**55,188**	**55,188**

Financial assets not subsequently measured at fair value

For financial assets and liabilities which are not subsequently measured at fair value in the statement of financial position, their fair values are their carrying value due to their short term nature.

(b) Fair value hierarchy

IFRS 13 Fair Value Measurement specifies a three level hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect assumptions that are specific to the asset and are not necessarily based on observable market data. The fair value hierarchy comprises:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes the secure income stream which is measured at FVTPL.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Fair value hierarchy for assets and liabilities measured at fair value

31 December 2020	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Secure income stream	-	-	14	**14**

31 December 2019	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Secure income stream	-	-	135	**135**

In accordance with IFRS 9, the secure income stream which is measured at fair value through profit or loss.

IFRS 13 requires that financial assets and liabilities not carried at fair value but for which fair value is disclosed are also classified within the fair value hierarchy. Financial assets and liabilities measured at amortised cost are classified under Level 1.

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value.

Financial asset measured at FVTPL	Note	2020 €'000	2019 €'000
Balance as at 1 January	10	**135**	**5,903**
Licence fee		(205)	(1,023)
Fair value gain/(loss) on financial asset at FVTPL		84	(4,745)
Balance as at 31 December		**14**	**135**

Quantitative information about fair value measurements (Level 3)

Level 3 assets	Valuation technique	Unobservable input	Fair Value 31 December 2020 €'000	Fair Value 31 December 2019 €'000
Secure income stream	Discounted cash flow	1) Timing of cashflows 2) Discount rates	14	135

Sensitivity of Level 3 measurements

The implementation of valuation techniques involves a considerable degree of judgement. The sensitivity analysis has been determined based on the exposure to possible alternative assumptions in the valuation methodology at the end of the reporting period.

The sensitivity analysis for financial assets measured at FVTPL is set out in the below table.

31 December 2020 Sector	+ 3 months €'000	- 3 months €'000
Financial assets	-	-

31 December 2019 Sector	+ 3 months €'000	- 3 months €'000
Financial assets	(2)	2

Categories of financial assets and financial liabilities

Financial assets and liabilities are categorised in accordance with IFRS 9 as follows:

- Amortised cost
- Fair value through profit or loss (FVTPL)

Financial assets 31 December 2020	Amortised Cost €'000	FVTPL €'000
Cash and cash equivalents	28,164	-
Financial asset measured at FVTPL	-	14

Financial liabilities 31 December 2020	Amortised Cost €'000
Other liabilities	39,995

Financial assets 31 December 2019	Amortised Cost €'000	FVTPL €'000
Cash and cash equivalents	36,065	-
Financial asset measured at FVTPL	-	135
Other assets	26	-

Financial liabilities 31 December 2019	Amortised Cost €'000
Other liabilities	55,188

16. Called up share capital

As at 31 December 2020 and 2019	Number	€
Authorised		
Ordinary shares of €1 each	1,000	1,000
Issued and fully paid		
Ordinary shares of €1 each	100	100

The Company's capital base comprises only share capital. These shares do not have any special rights, preferences or restrictions attaching to them.

17. Retained losses

	2020 €'000	2019 €'000
At 1 January	(9,357)	(3,786)
Loss for the financial year	(137)	(5,571)
At 31 December	**(9,494)**	**(9,357)**

18. Tax payable

	2020 €'000	2019 €'000
Current tax liability	-	56

19. Related party disclosures

Control of the Company

The Company's immediate parent entity is NALM, a company incorporated in Ireland. The Company is ultimately controlled by NAMA, which owned 49% of National Asset Management Agency Investment D.A.C. ('NAMAI') until 26 May 2020. The remaining 51% of the shares in NAMAI were held by private investors until that date. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI.

The related party group comprises:

National Asset Management Agency
National Asset Management Agency Investment D.A.C.
National Asset Management D.A.C.
National Asset Management Group Services D.A.C.
National Asset Loan Management D.A.C.
National Asset Property Management D.A.C.
National Asset Management Services D.A.C.
National Asset JV A D.A.C.
National Asset Sarasota Limited Liability Company
National Asset Residential Property Services D.A.C.
Pembroke Ventures D.A.C.
Pembroke Beach D.A.C.
Pembroke West Homes D.A.C.
National Asset Leisure Holdings Limited (in Voluntary Liquidation)
RLHC Resort Lazer SGPS, S.A.
RLHC Resort Lazer II SGPS, S.A.

Minister for Finance

The Minister for Finance (the 'Minister') established NAMA under the NAMA Act 2009. Sections 13 and 14 of the Act grant certain powers to the Minister in relation to NAMA. Section 13 provides that the Minister may issue guidelines to NAMA for the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is required to have regard to any such guidelines in performing its functions. Section 14 provides that the Minister may issue directions to NAMA concerning the achievement of the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the

State. NAMA is obliged to comply with any such direction.

The effect of these statutory provisions is that the Minister has the ability to exercise significant influence over NAMA.

Participating Institutions

During 2010, a number of legislative measures were enacted that gave the Minister rights and powers over certain financial institutions in respect of various matters of ownership, board composition, acquisition or sale of subsidiaries, business activity, restructuring and banking activity. The Participating Institutions also agreed to consult with the Minister prior to taking any material action which may have a public interest dimension. Participating Institutions are credit institutions that were designated by the Minister, under Section 67 of the Act, as a Participating Institution.

The Company has an operating account with Allied Irish Banks p.l.c which is a Participating Institution. The account had a balance of €3.5m (2019: €1.6m) at the reporting date. The average closing daily balance throughout the year was €1.8m (2019: €1.6m).

Key management personnel

No Director of the Company received any compensation in the form of fees, salary or other compensation from the Company in their capacity as Directors of the Company. All of the Company Directors, with the exception of Aidan Williams, are employed by the National Treasury Management Agency ('NTMA') and received salaries as employees of the NTMA. The Directors who served during the year are also Directors of National Asset Management Agency Investment D.A.C., a fellow NAMA group company. The Directors are also Directors of a number of other NAMA group undertakings. The Directors do not consider it practical to apportion their emoluments between their qualifying services as Directors of the Company and as directors of other NAMA group undertakings. The emoluments of these Directors are disclosed in the financial statements of NAMAI.

Related party balances

Expenses	**2020 €'000**	**2019 €'000**
Interest expense		
Interest expense on intergroup loans	34,445	40,066

Intergroup payable	**2020 €'000**	**2019 €'000**
Intergroup payable to NALM	38,910	53,167

There are no other transactions with related parties other than those set out in this note and all related party transactions occur on an arm's length basis.

20. External audit remuneration

The Comptroller and Auditor General and Mazars provide external audit services to the NAMA Group. The external auditors' remuneration has been borne and incurred by NALM and accordingly are not reflected in the statement of comprehensive income of the Company.

21. Capital management

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. The Company's objectives when managing capital in its statement of financial position are:

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business; and
- To distribute any surplus within the Company from time to time.

Refer to Note 16 for further detail.

22. Events after the reporting date

Covid-19 Restrictions

On 6 January 2021, the Irish Government announced a further set of restrictions in response to Covid-19 which required all non-essential construction to stop on 8 January 2021 with the exception of private housing that was to be completed by 31 January 2021 and social housing to be completed by 28 February 2021. While all construction work has been permitted to recommence from 4 May 2021, there continues to be some uncertainty as to the extent that the impact of the Covid-19 pandemic will have on the markets that the Company operates in. The Company continues to take steps to limit the negative operational and financial impacts of the pandemic.

23. Approval of financial statements

The Directors approved the financial statements on 21 June 2021. The financial statements were authorised for issue by the Board on 21 June 2021.

National Asset Property Management Designated Activity Company

Directors' Report and Financial Statements for the financial year ended 31 December 2020

National Asset Property Management D.A.C.
Contents

Financial Statements

National Asset Property Management D.A.C.
Directors and other information

Directors

Brendan McDonagh
Alan Stewart
Aidan Williams

Secretary and Registered Office

Deirdre McCabe (resigned 30 March 2021)
Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021)
Gillian Joyce (Assistant Secretary, resigned 18 June 2020)
Majella Galligan (Assistant Secretary, appointed 30 March 2021)

Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

Principal Banker

Allied Irish Banks, p.l.c.
Baggot Street Lower
Dublin 2
D02 X342

Central Bank of Ireland
North Wall Quay
Dublin 1
D01 F7X3

Registered Number

480248

Auditors

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

Mazars
Chartered Accountants and Statutory Audit Firm
Harcourt Centre
Block 3
Harcourt Road
Dublin 2
D02 A339

The Directors of National Asset Property Management D.A.C. (the 'Company') present their report and the audited financial statements for the financial year ended 31 December 2020.

The financial statements are set out on pages 13 to 34.

Principal activity of the Company
The principal activity of the Company is the acquisition of property assets if and when required. The Company is a National Asset Management Agency ('NAMA') Group company.

Directors' Responsibility Statement
The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the NAMA Act 2009 (the 'Act'), and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Irish company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting records
The measures that the Directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the use of the services of appropriately qualified accounting personnel and the maintenance of appropriate accounting systems. The Company's accounting records are maintained at the Company's registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

Business review, results and dividends

The Company was set up to acquire property assets if and when required. During the financial year, the Company acquired an asset at a cost of €0.8m (2019: €Nil) and also sold it during the year for consideration of €0.8m (2019: €Nil).

The total interest expense in the year was €1k (2019: €271k). Administration costs of €7k were incurred in the year (2019: €11k).

No dividends are proposed or were paid during the financial year (2019: €Nil). The Company had no employees during the financial year (2019: none).

The Company's immediate parent is National Asset Management Group Services D.A.C. The Company is ultimately controlled by NAMA.

The Company has five wholly owned subsidiaries:

National Asset Residential Property Services D.A.C. (NARPS)

NARPS was established on 18 July 2012 to acquire residential properties and to lease and ultimately sell these properties to approved housing bodies for social housing purposes. During the year NARPS generated a profit of €5.3m (2019: €2.6m) and had net assets of €4.5m at 31 December 2020 (2019: net liabilities of €0.8m). The Company's investment in NARPS is carried at cost, i.e. €100.

National Asset Sarasota LLC (NASLLC)

NASLLC was established on 1 August 2013 to acquire property assets located in the US following insolvency processes. Since its acquisition, NASLLC has acquired two assets located in the US and has subsequently sold these assets.

NASLLC generated a loss of €23k (2019: €674k) in the year and had net liabilities of €1.9m at 31 December 2020 (2019: €1.9m). The Company's investment in NASLLC is carried at €Nil (2019: €Nil) which is cost less an impairment allowance.

National Asset Leisure Holdings Limited (in Voluntary Liquidation) (NALHL)

On 10 January 2014, NAMA established a new subsidiary, NALHL (in Voluntary Liquidation). NALHL (in Voluntary Liquidation) is a wholly owned subsidiary of NAPM and was established to acquire 100% of the share capital of two Portuguese entities, RLHC and RLHC II.

The establishment of these entities was required to facilitate the legal restructure of a number of entities with Portuguese property assets. Following the completion of the legal restructure, NALHL (in Voluntary Liquidation) was placed into liquidation on 18 December 2014. The control of the subsidiary is with the liquidator who will realise the assets of NALHL (in Voluntary Liquidation).

RLHC Resort Lazer SGPS, S.A. (RLHC)

On 5 February 2014, NAMA established a new subsidiary, RLHC Resort Lazer SGPS, S.A. (RLHC). RLHC is a wholly owned subsidiary of NALHL (in Voluntary Liquidation) and acquired 90% of the share capital of a number of Portuguese entities, following the legal restructure of the debt owed by these entities.

RLHC Resort Lazer II SGPS, S.A. (RLHC II)

On 5 February 2014, NAMA established a new subsidiary, RLHC Resort Lazer II SGPS, S.A. (RLHC II). RLHC II is a wholly owned subsidiary of NALHL (in Voluntary Liquidation) and acquired 10% of the share capital of a number of Portuguese entities, following the legal restructure of the debt owed by these entities.

Impact of Covid-19
The Covid-19 pandemic and associated restrictions have had a material effect on economic activity world-wide. From the Company's perspective, the restrictions have impacted the Company's underlying property assets through reductions in market activity. There remains significant uncertainty as to the full economic impact of the pandemic and the Company continues to make every effort to mitigate the financial and other impacts using measures under its control.

Future development
The Company will continue in its current business of acquiring property assets if and when required for the foreseeable future.

Going concern assessment
The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. Further details on the going concern assessment is in Note 2.1.

Events after the reporting date
There are no significant events after the reporting date affecting the Company.

Risk management
The Company is exposed to principal risks which have the potential to have a significant impact on the achievement of the Company's overall strategic objectives:

- Domestic or international macroeconomic or financial shock;
- Reputational damage; and
- Material loss of human capital.

The principal risks remain under constant review by NAMA's Risk Management Committee and any changes (including the impact of Covid-19) are reported to the NAMA Board. In April 2020, the Board approved a Risk Appetite Statement for each of the Principal Risks which defines the propensity for the NAMA Group to take certain risks in order to achieve its strategic objectives. The Board reviewed and approved the Principal Risks in October 2020 which included subrisks around the pandemic.

The Company is exposed to financial risks such as credit and liquidity risk in the normal course of business. Further details on how the Company manages these risks, are given in Note 19 of the financial statements.

Directors and Secretaries
The Directors who served during the financial year are Brendan McDonagh, Alan Stewart and Aidan Williams.

The Secretaries who served during the financial year are Deirdre McCabe (Secretary, resigned 30 March 2021), Gillian Joyce (Assistant Secretary; resigned 18 June 2020) and Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021).

Directors' and Secretaries' interests in shares
The Directors and Secretaries in office at 31 December 2020 had no beneficial interests (2019: none) in the share capital of the Company or any other National Asset Management Agency Investment D.A.C (NAMAI) Group Company. In addition the Directors have complied with Section 30 of the Act in relation to the disclosure of beneficial interests in the Company.

Disclosure of Information to Auditors

In so far as each of the Directors in office at the date of approval of the financial statements is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Auditors

The Comptroller and Auditor General is the Company's auditor by virtue of Section 57 of the Act.

Pursuant to the requirements of the Companies Act 2014, NAMA is required to separately appoint a statutory auditor in respect of companies within the NAMA Group which are deemed to be trading for gain. As the NAMAI Group operates to return dividends to its shareholder it is deemed to be trading for gain. As such, Mazars, Chartered Accountants and Statutory Audit Firm, were appointed as statutory auditors of the Company on 1 June 2017 in accordance with section 382(1) of the Companies Act 2014. Mazars have indicated willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Asset Property Management Designated Activity Company

Opinion on the financial statements

I have audited the financial statements of National Asset Property Management Designated Activity Company (the company) for the year ended 31 December 2020 as required under the provisions of section 57 of the National Asset Management Agency Act 2009. The financial statements comprise

- the statement of comprehensive income
- the statement of financial position
- the statement of changes in equity
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion

- the financial statements give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2020 and of its loss for 2020, and
- the financial statements have been properly prepared in accordance with the financial reporting framework set out in note 2.2 of the notes to the financial statements.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis, as explained in note 2.1.

As described in the appendix to this report, I conclude on

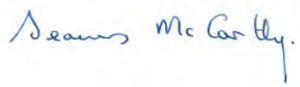
- the appropriateness of the use by the directors of the going concern basis of accounting and
- whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

I have nothing to report in that regard.

Report on information other than the financial statements, and on other matters

The directors have presented a report with the financial statements. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



Seamus McCarthy
Comptroller and Auditor General

25 June 2021

Appendix to the report

Responsibilities of the directors

As detailed in the directors' report, the directors are responsible for

- the preparation of the financial statements under the National Asset Management Agency Act 2009 and in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with the financial reporting framework set out in note 2.2 of the financial statements
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 57 of the National Asset Management Agency Act 2009 to audit the financial statements of the company and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

mazars

Independent auditor's report to the

Members of National Asset Property Management DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Asset Property Management DAC ('the Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the Company financial statements, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the European Union ("EU").

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Emphasis of matter

We draw attention to note 2.1 of the financial statements, which describes the Company's ability to continue as a going concern. The directors have set out in this note the basis upon which they believe it is appropriate to prepare the financial statements on a going concern basis.

Our opinion is not modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibility statement out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

mazars

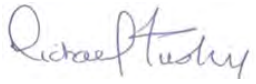
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Tuohy

for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre,
Block 3
Harcourt Road
Dublin 2
Date: 25 June 2021

National Asset Property Management D.A.C.
Statement of comprehensive income
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Sale of inventory – trading properties	4	808	-
Cost of sales	4	(808)	89
Net profit on sale of inventory property		**-**	**89**
Interest and similar expense	5	(1)	(271)
Other income	6	-	2
Administration expenses	7	(7)	(11)
Operating loss before tax		**(8)**	**(191)**
Tax (charge) / credit	8	(1)	1
Operating loss after tax		**(9)**	**(190)**
Other comprehensive income		-	-
Total comprehensive expense for the financial year		**(9)**	**(190)**

The accompanying notes form an integral part of these financial statements.

All results are from continued operations.

National Asset Property Management D.A.C.
Statement of financial position
As at 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Assets			
Cash and cash equivalents	9	124	176
Other assets	10	108	166
Inventories – trading properties	11	100	100
Investment in subsidiary undertakings	12	-	-
Total assets		**332**	**442**
Liabilities			
Intergroup payables	13	6,532	6,600
Tax payable	14	1	-
Other liabilities	15	44	78
Total liabilities		**6,577**	**6,678**
Shareholder's equity			
Called up share capital	16	-	-
Retained losses	17	(6,245)	(6,236)
Total equity		**(6,245)**	**(6,236)**
Total equity and liabilities		**332**	**442**

The accompanying notes form an integral part of these financial statements.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

National Asset Property Management D.A.C.
Statement of changes in equity
For the financial year ended 31 December 2020

	Note	Share capital €'000	Retained losses €'000	Total equity €'000
Balance at 1 January 2020		-	**(6,236)**	**(6,236)**
Loss for the financial year	17	-	(9)	(9)
Total comprehensive expense		-	**(9)**	**(9)**
Balance at 31 December 2020		-	**(6,245)**	**(6,245)**

	Note	Share capital €'000	Retained losses €'000	Total equity €'000
Balance at 1 January 2019		-	**(6,046)**	**(6,046)**
Loss for the financial year	17	-	(190)	**(190)**
Total comprehensive income		-	**(190)**	**(190)**
Balance at 31 December 2019		-	**(6,236)**	**(6,236)**

The accompanying notes form an integral part of these financial statements.

National Asset Property Management D.A.C.
Statement of cash flows
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Cash flow from operating activities			
Funds received / (paid) on disposal of trading properties		808	(410)
Funds paid to acquire trading properties		(80)	-
Interest paid on cash and cash equivalents		(1)	(272)
Rental income		-	1
Operating expenses		(12)	48
Tax refund		66	-
Net reimbursement to NALM		(113)	(1,956)
Net cash provided by / (used in) operating activities		**668**	**(2,589)**
Cash flow from financing activities			
Repayment of intergroup funding	13	(720)	(78,600)
Net cash used in financing activities		**(720)**	**(78,600)**
Cash and cash equivalents held at the beginning of the financial year		**176**	**81,365**
Net cash provided by / (used in) operating activities		668	(2,589)
Net cash used in financing activities		(720)	(78,600)
Total cash and cash equivalents held at the end of the financial year	9	**124**	**176**

The accompanying notes form an integral part of these financial statements.

1. General Information

The proposed creation of the National Asset Management Agency ('NAMA') was announced in the Minister for Finance's Supplementary Budget on 7 April 2009 and the NAMA Act 2009 (the 'Act') was passed in November 2009.

The Act established NAMA as a separate statutory body, with its own Board and Chief Executive Officer ("CEO") appointed by the Minister for Finance in December 2009. The NAMA Board and all committees established by the NAMA Board are also responsible for the oversight and governance of all NAMA Group entities. National Asset Property Management D.A.C. (the 'Company') is a subsidiary of NAMA.

The Company was incorporated in Ireland on 27 January 2010 and established as a special purpose vehicle (SPV), whose purpose is to take direct ownership of property assets.

The Company's immediate parent is National Asset Management Group Services D.A.C. ('NAMGS'), a company incorporated in Ireland. The Company is ultimately controlled by NAMA. Until 26 May 2020 NAMA owned 49% of the Company's ultimate parent, National Asset Management Agency Investment D.A.C. ('NAMAI'). The remaining 51% of the shares of NAMAI were held by private investors. Under the terms of a shareholders' agreement between NAMA and the private investors, NAMA could exercise a veto over decisions taken by NAMAI. As a result of this veto, the private investors' ability to control the financial and operating policies of NAMAI was restricted and NAMA had effective control of NAMAI and its subsidiaries. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI. The smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared is NAMA.

The Company also acts as a holding company for its five subsidiaries:

1) *National Asset Residential Property Services D.A.C (NARPS)*

On 18 July 2012 NAMA established a subsidiary NARPS. NARPS is a wholly owned subsidiary of NAPM, and was established to acquire residential properties and to lease and ultimately sell these properties to approved housing bodies and/or local authorities for social housing purposes. On 28 September 2019, the Minister for Finance issued a direction to NAMA to retain ownership of NARPS. NARPS is to remain in State ownership and the value attributable may form part of any potential transfer of assets as part of the surplus transfer.

A total of 2,614 (2019: 2,605) residential properties were delivered to the social housing sector by NAMA debtors from inception to the reporting date, of which 2,580 (2019: 2,569) were completed and contracts on a further 34 (2019: 36) properties (for both direct sale and through NARPS) were exchanged at the reporting date. Completed units delivered since inception include the direct sale of 1,119 (2019: 1,110) properties by NAMA debtors and receivers to various approved housing bodies and/or local authorities, the direct leasing of 89 (2019: 89) properties by NAMA debtors and receivers and the acquisition by NARPS of 1,372 (2019: 1,370) properties for lease to approved housing bodies.

2) *National Asset Sarasota Limited Liability Company (NASLLC)*

On 1 August 2013, NAMA established a new US subsidiary, National Asset Sarasota Limited Liability Company (NASLLC). NASLLC is a wholly owned subsidiary of NAPM, and was established to acquire any property assets located in the US following insolvency processes. Since its acquisition, NASLLC has acquired two assets located in the US and has subsequently sold these assets.

3) National Asset Leisure Holdings Limited (in Voluntary Liquidation) (NALHL)

NALHL (in Voluntary Liquidation) was established as a subsidiary of the Company on 10 January 2014 to acquire 100% of the share capital of two Portuguese entities, RLHC Resort Lazer SGPS, S.A. (RLHC) and RLHC Resort Lazer II SGPS, S.A. (RLHC II).

The establishment of these entities was required to facilitate the legal restructure of a number of entities with Portuguese property assets. Following the completion of the legal restructure, NALHL (in Voluntary Liquidation) was placed into liquidation on 18 December 2014. The control of NALHL (in Voluntary Liquidation) is with the liquidator who will realise the assets of NALHL (in Voluntary Liquidation).

4) and 5) RLHC Resort Lazer SGPS, S.A. (RLHC), RLHC Resort Lazer II SGPS, S.A. (RLHC II)

On 5 February 2014, NAMA established two new subsidiaries, RLHC Resort Lazer SGPS, S.A. (RLHC) and RLHC Resort Lazer II SGPS, S.A. (RLHC II). RLHC and RLHC II are wholly owned subsidiaries of NALHL (in Voluntary Liquidation) and acquired 90% and 10% respectively of the share capital of a number of Portuguese entities, following the legal restructure of the debt owed by these entities.

With the exception of RLHC and RLHC II, the address of the registered office of each company at the reporting date is Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8. Each company is incorporated and domiciled in the Republic of Ireland, except for NASLLC, which is incorporated and domiciled in the United States and RLHC and RLHC II which are incorporated and domiciled in Portugal. The address of the registered office of RLHC and RLHC II is Rua Garrett, Nº. 64, 1200-204 Lisbon, Portugal.

The Company has claimed exemption under IFRS 10.4 not to prepare consolidated accounts as its results and the results of its subsidiaries are presented in the consolidated financial statements of National Asset Management Agency (NAMA). NAMA's consolidated financial statements are available at its registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8. As the liquidator has assumed the rights of the shareholder of NALHL (in Voluntary Liquidation) and now controls NALHL (in Voluntary Liquidation) and its subsidiaries, these subsidiaries are not consolidated into the results of the NAMA Group at the reporting date. For further information, see Note 12.2.

2. Summary of significant accounting policies

2.1 Going concern

The financial statements for the financial year ended 31 December 2020 have been prepared on a going concern basis. The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. The period of assessment used by the directors is twelve months from the reporting date of these annual financial statements.

The Company is in a net deficit position as its total liabilities exceed its total assets by €6.2m (2019: €6.2m) at 31 December 2020.

The Company has entered into an intergroup loan agreement with National Asset Loan Management D.A.C. (NALM) as borrower. The balance outstanding on the intergroup loan at the reporting date is €6.5m (2019: €6.5m).

Under the terms of the agreement, the intergroup loan is payable on demand.

The Company has obtained a confirmation from the Directors of NALM that they do not intend to demand repayment of the outstanding balance due under the intergroup loan agreement, at any time up to and including twelve months from the date the financial statements are signed.

The Board of NAMA have confirmed that NAMA will provide the Company with full financial support for twelve months from the date the financial statements are signed, in order to enable the Company to meet its liabilities as they fall due and continue in operational existence for the foreseeable future. The Board of NAMA have confirmed that NAMA has access to adequate cash balances to support the Company.

On this basis, the Directors are satisfied that the Company will have access to adequate resources to continue its operations for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis.

2.2 Basis of compliance and measurement

The Company's financial statements for the financial year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, the NAMA Act 2009 and with those parts of the Companies Acts 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention.

The financial statements are presented in euro (€), which is the Company's functional and presentational currency. The figures shown in the financial statements are stated in € thousands (€'000s), unless otherwise stated.

The statement of cash flows shows the changes in cash and cash equivalents arising during the financial year from operating activities, investing activities and financing activities. The cash flows from operating activities are determined using the direct method, whereby major classes of gross cash receipts and gross payments are disclosed.

Cash flows from investing and financing activities are reported on a gross basis. The Company's assignment of the cash flows to operating, investing and financing categories depends on the Company's business model (management approach).

In accordance with *IAS 1 Presentation of Financial Statements*, assets and liabilities are presented in order of liquidity.

Certain prior year disclosures have been reclassified to conform to the presentation in the 2020 financial statements, with no impact on the income statement and statement of financial position for prior periods presented.

2.3 Changes in significant accounting policies

There have been no new standards or interpretations or changes in significant accounting policies that have had a material effect on the Company's financial statements for the year ended 31 December 2020.

2.4 IFRS Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations have been issued but are not yet effective. The Company has not early adopted them in preparing these financial statements. Of

these standards that are not yet effective, none are expected to have a significant impact on the Company's financial statements in the period of initial application.

2.5 Financial assets

Recognition and initial measurement

The Company recognises financial assets in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at fair value. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss (FVTPL) are recognised immediately in profit or loss. For assets measured on a basis other than financial assets at FVTPL, transaction costs that are directly attributable to the acquisition or issue of financial assets are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and subsequent measurement

All financial assets of the company are classified as amortised cost. The Company has classified and measured cash and cash equivalents and other assets at amortised cost less any expected credit loss allowance.

A financial asset is measured at amortised cost and is not designated as FVTPL if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income (FVOCI) if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any financial asset that does not qualify for amortised cost measurement or measurement at FVOCI must be measured subsequent to initial recognition at FVTPL. The Company may irrevocably elect on initial recognition to designate a financial assets at FVTPL if the designation eliminates or significantly reduces an accounting mismatch that would have occurred if the financial asset had been measured at amortised cost or FVOCI.

<u>Contractual cash flows are solely payments of principal and interest assessment</u>

For the purpose of the solely payments of principal and interest "SPPI" assessment, principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

<u>Business model assessment</u>

The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Company considers the following information when making the business model assessment:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Amortised Cost
The Company has classified and measured cash and cash equivalents and other assets at amortised cost less any expected credit loss allowance.

2.6 Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition, carrying all financial liabilities at amortised cost. Financial liabilities are initially recognised on the date that the Company becomes a party to the contractual provisions of the instrument. Where financial liabilities are classified as FVTPL, gains and losses arising from the subsequent changes in fair value are recognised directly in the statement of comprehensive income.

2.7 De-recognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.8 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognised in profit or loss if the carrying amount exceeds its recoverable amount.

2.9 Interest expense

Interest expense for all interest-bearing financial instruments other than those accounted for at FVTPL is recognised as interest expense in the statement of comprehensive income using the effective interest rate ("EIR") method.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the amortised cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortised cost of the financial liability.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Inventories – trading properties

Trading properties consist of property assets which are held for resale in accordance with IAS 2 *Inventories*. They are recognised initially on the statement of financial position at the point at which the purchase contract has been signed with the vendor. Subsequent to initial recognition, trading properties are stated at the lower of cost and net realisable value ("NRV"). Costs are determined on the basis of specific identification of individual costs relating to each asset. NRV represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale. Revisions to the carrying value of trading properties are recognised in the statement of comprehensive income.

Profits and losses on the disposal of trading properties are recognised in the statement of comprehensive income when the transaction occurs. Trading properties are recognised in compliance with IAS 2.

2.12 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income.

(a) Current income tax

Current income tax is the expected tax payable on the taxable income for the financial year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Current income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise. The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company does not offset current income tax liabilities and current income tax assets.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Company assesses, on an annual basis only, the deferred tax relating to unutilised tax losses.

2.13 Investments in subsidiary undertakings

Investments in subsidiary undertakings have been accounted for at cost in accordance with IAS 27 *Consolidated and Separate Financial Statements.*

2.14 Administration expenses

Administration expenses are recognised on an accrual basis.

2.15 Impairment of financial assets

The Company assesses, on a regular basis, the impairment of financial assets measured at amortised cost on an expected credit loss (ECL) basis. The measurement of ECL is based on a three-stage approach:

- Stage 1: where financial instruments have not had a significant increase in credit risk since initial recognition, a provision for 12-month ECL is recognised, being the ECL that results from default events that are possible within 12 months of the reporting date;
- Stage 2: where financial instruments have had a significant increase in credit risk since initial recognition but does not have objective evidence of impairment, a lifetime ECL is recognised, being the ECL that result from all possible default events possible over the lifetime of the financial asset;
- Stage 3: where financial assets show objective evidence of impairment, a lifetime ECL is recognised.

There are a variety of approaches that could be used to assess whether the credit risk on a financial instrument has increased significantly since initial recognition. In some cases, detailed quantitative information about the probability of default of a financial instrument or formal credit rating will be available which is used to compare changes in credit risk. The Company monitors financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition on a regular basis.

The measurement of the loss allowance is based on the present value of the applicable financial assets expected cash flows using the financial asset's effective interest rate.

3. Critical accounting estimates and judgements

In the preparation of the financial statements, management has made judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year-end date. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

The most significant judgements made by the Company, in the preparation of the financial statements are in regard to inventories - trading properties

Inventories - trading properties

(a) Judgements made

Inventories - trading properties are accounted for under IAS 2 Inventories, as opposed to IAS 40 Investment Property. Trading properties include property assets which are held for resale. They are recognised initially on the statement of financial position at the point at which the purchase contract has been signed with the vendor, in line with accounting policy 2.11. Subsequent to initial recognition,

trading properties are stated at the lower of cost and net realisable value. Costs are determined on the basis of specific identification of individual costs relating to each asset.

(b) Estimates used

Net realisable value represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale. Revisions to the carrying value of trading properties are recognised in the statement of comprehensive income. The assessment of the net realisable valuation of trading properties is an estimate based on the percentage of completion of property/properties that are in the course of development or based on the assessment of market information for completed trading properties. This assessment, being an accounting estimate, is subject to uncertainty.

4. Sale of inventory – trading properties

	2020 €'000	2019 €'000
Sale of inventory – trading properties	808	-

Inventory is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts.

	2020 €'000	2019 €'000
Cost of sales	(808)	89

Cost of sales comprised the carrying value of inventory sold during 2020. In 2019, there was an adjustment for the over accrual of cost of sales on sales that occurred in 2018.

5. Interest and similar expense

	2020 €'000	2019 €'000
Interest on cash and cash equivalents	1	271

The Company generated taxable profits of €Nil during 2020 (2019: €Nil), €Nil of which was remitted to NALM under the terms of an intergroup loan agreement (2019: €Nil).

6. Other income

	2020 €'000	2019 €'000
Lease rental income	-	2

The Company entered into a lease agreement on one of its trading properties during 2014. This trading property was sold in September 2018.

7. Administration expenses

	2020 €'000	2019 €'000
Property & insurance costs	3	25
Legal fees	-	(30)
Tax fees	4	16
	7	**11**

Legal fees in 2019 are negative due to reimbursement of legal fees paid in prior years.

8. Tax charge / (credit)

The reconciliation of tax on profit at the relevant Irish corporation rate to the Company's actual tax expense for the year is as follows:

Reconciliation of tax on profits	2020 €'000	2019 €'000
Loss before tax	(8)	(191)
Tax calculated at a tax rate of 25%	(2)	(48)
Non-taxable income	-	(1)
Taxes not utilised	-	49
Prior year adjustment	2	(1)
Tax losses surrendered	1	-
Taxation charge / (credit)	**1**	**(1)**

The Company has no tax-related contingent liabilities and contingent assets in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. No significant effects arise from changes in tax rates or tax laws after the reporting period.

9. Cash and cash equivalents

	2020 €'000	2019 €'000
Balance held with Central Bank	28	28
Balances with other banks	96	148
Total cash and cash equivalents	**124**	**176**

Balances with other banks comprise balances held with AIB. No expected credit loss has been recognised on cash and cash equivalents.

10. Other assets

	2020 €'000	2019 €'000
Intergroup receivables	108	100
Tax prepaid	-	66
Total other assets	**108**	**166**

An intergroup loan facility of €100,000 was advanced to NALHL (in Voluntary Liquidation) in 2014 to fund the acquisition of 100% of the share capital of two Portuguese entities, RLHC and RLHC II.
Also included in other assets are

- An investment of €100 to fund the acquisition of share capital in NALHL (in Voluntary Liquidation) ; and
- A receivable of €100 from NAMGS for the purchase of company shares
- A receivable of €8k from NALM in relation to expenses.

All other assets in the Company are current assets. No expected credit loss has been recognised on the intergroup receivable.

11. Inventories – trading properties

	2020 €'000	2019 €'000
Trading properties	100	100

NALM, a group entity, acquires properties if and when required as consideration for the settlement of debt. These properties are then transferred at fair value to the Company.

The Company also acquires property assets from third parties when it is deemed that the asset is of strategic importance to the NAMA Group in terms of ongoing development strategies.

Properties are carried at the lower of cost and net realisable value. Properties are recognised in accordance with accounting policy 2.11. A trading property was purchased and sold within 2020 with no gain or loss recognised on disposal.

12. Investment in subsidiary undertakings

The subsidiary undertakings and percentage ownership of the Company in those subsidiaries are as follows:

	2020 €'000	2019 €'000
National Asset Sarasota Limited Liability Company	6,332	6,332
Impairment allowance on investment	(6,332)	(6,332)
Total investment in subsidiaries	-	-

Also included in investment in subsidiary undertakings is an investment of €100 by the Company in NARPS.

The Company provided a capital contribution to its subsidiary NASLLC to facilitate the acquisition of loan assets by NASLLC. The capital contribution represented 20% of the acquisition value of the assets.

The Company has assessed the investment held in NASLLC and still considers it to be impaired. No further impairment charge was booked in 2020 (2019: €Nil) as the investment was fully impaired in 2018.

Further details of the Company's subsidiary undertakings are provided below:

Subsidiary	Holding	Principal Activity	Country of incorporation
National Asset Residential Property Services D.A.C.	100%	Provision of residential properties for the purposes of social housing	Ireland
National Asset Sarasota Limited Liability Company	100%	Acquisition of property assets located in the US in settlement of debt owed to NAMA	US
National Asset Leisure Holdings Limited (in Voluntary Liquidation)	100%	Holding company	Ireland
RLHC Resort Lazer SGPS, S.A.	100%	Facilitate legal restructure	Portugal
RLHC Resort Lazer II SGPS, S.A.	100%	Facilitate legal restructure	Portugal

12.1 Details of wholly-owned subsidiaries where the Company maintains a controlling interest

The Company owns 100% of the ordinary share capital of NARPS and NASLLC and has full control over the decision making of these companies. On this basis, these investments have been classified as subsidiaries.

NARPS was incorporated on 18 July 2012 and NASLLC was incorporated on 1 August 2013. NARPS and NASLLC have their registered office in Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

Investments in subsidiary undertakings are accounted for in accordance with accounting policy 2.13.

12.2 Details of non-consolidated subsidiaries

As the liquidator has assumed the rights of the shareholder and now controls NALHL (in Voluntary Liquidation), NALHL (in Voluntary Liquidation) and its subsidiaries, RLHC and RLHC II, are not consolidated into the results of the NAMA Group.

See Note 1 for information on companies held by NAPM.

13. Intergroup payables

	2020 €'000	2019 €'000
Intergroup loan due to NALM	6,532	6,532
Other amount due to NALM	-	68
Total Intergroup payables	**6,532**	**6,600**

The Intergroup loan and interest due to NALM represents the outstanding balance on the loan facility used by the Company to acquire trading property assets from NALM. Other amount due to NALM represents the amount owed to NALM for expenses settled on the Company's behalf.

Also included in intergroup payables is

- an amount payable to NARPS of €100, which represents the amount owed to NARPS following the Company's acquisition of its share capital.

All intergroup liabilities in the Company are current liabilities.

Changes in intergroup loan arising from financing activities

	2020 €'000	2019 €'000
As at the beginning of the year	6,532	85,293
Cash flows		
Repayment of intergroup loan	(720)	(78,600)
Non-cash changes	720	(161)
At the end of the year	**6,532**	**6,532**

During the year ended 31 December 2020, the cash movements on intergroup liabilities arising from financing activities amounted to €0.7m (2019: €78.6m).

14. Tax payable

	2020 €'000	2019 €'000
Current income tax liability	1	-

15. Other liabilities

	2020 €'000	2019 €'000
Accrued expenses	44	62
Other liabilities	-	16
Total other liabilities	**44**	**78**

Included in other liabilities is an amount due to NALHL (in Voluntary Liquidation) of €100 which represents the amount owed to NALHL (in Voluntary Liquidation) following the Company's acquisition of its shares.

All other liabilities in the Company are current liabilities.

16. Called up share capital

As at 31 December 2020 and 2019	**Number**	**€**
Authorised:		
Ordinary shares of € 1 each	1,000	1,000
Issued and fully paid:		
Ordinary shares of € 1 each	100	100

The Company's capital base comprises only share capital. These shares do not have any special rights, preferences or restrictions attaching to them.

17. Retained losses

	2020 €'000	2019 €'000
At the beginning of the financial year	(6,236)	(6,046)
Loss for the financial year	(9)	(190)
At 31 December	**(6,245)**	**(6,236)**

18. Related party disclosures

Control of the Company:

The Company's immediate parent entity is National Asset Management Group Services D.A.C., a Company incorporated in Ireland. The Company is ultimately controlled by NAMA, which owned 49% of National Asset Management Agency Investment D.A.C. ('NAMAI') until 26 May 2020. The remaining 51% of the shares in NAMAI were held by private investors until that date. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI.

The related party Group comprises:

National Asset Management Agency
National Asset Management Agency Investment D.A.C.
National Asset Management D.A.C.
National Asset Loan Management D.A.C.
National Asset North Quays D.A.C.
National Asset Management Services D.A.C.
National Asset Management Group Services D.A.C.
National Asset JV A D.A.C.
National Asset Sarasota Limited Liability Company
National Asset Residential Property Services D.A.C.
Pembroke Ventures D.A.C.
Pembroke Beach D.A.C.
Pembroke West Homes D.A.C.
National Asset Leisure Holdings Limited (in Voluntary Liquidation)
RLHC Resort Lazer SGPS, S.A.
RLHC Resort Lazer II SGPS, S.A.

Minister for Finance

The Minister for Finance (the Minister) established NAMA under the NAMA Act 2009. Sections 13 and 14 of the Act grant certain powers to the Minister in relation to NAMA. Section 13 provides that the Minister may issue guidelines to NAMA for the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is required to have regard to any such guidelines in performing its functions. Section 14 provides that the Minister may issue directions to NAMA concerning the achievement of the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is obliged to comply with any such direction.

The effect of these statutory provisions is that the Minister has the ability to exercise significant influence over NAMA.

Participating Institutions

During 2010, a number of legislative measures were enacted that gave the Minister rights and powers over certain financial institutions in respect of various matters of ownership, board composition, acquisition or sale of subsidiaries, business activity, restructuring and banking activity. The Participating Institutions also agreed to consult with the Minister prior to taking any material action which may have a public interest dimension. Participating Institutions are credit institutions that were designated by the Minister, under Section 67 of the Act, as a Participating Institution.

The Company has an operating account with Allied Irish Banks plc. which is a Participating Institution. The account had a balance of €96k (2019: €148k) at the reporting date. The average closing daily balance throughout the year was €122k (2019: €267k).

Key management personnel

No Director of the Company received any compensation in the form of fees, salary or other compensation from the Company in their capacity as Directors of the Company. All of the Company Directors, with the exception of Aidan Williams, are employed by the National Treasury Management Agency ('NTMA') and received salaries as employees of the NTMA. The Directors who served during the year are also Directors of National Asset Management Agency Investment D.A.C., a fellow NAMA group company. The Directors are also Directors of a number of other NAMA group undertakings. The Directors do not consider it practical to apportion their emoluments between their qualifying services as Directors of the Company and as directors of other NAMA group undertakings. The emoluments of these Directors are disclosed in the financial statements of NAMAI.

Related party balances

Receivables	**2020 €'000**	**2019 €'000**
Other assets		
Loan receivable from NALHL (in Voluntary Liquidation) in settlement of loan	100	100
Amount receivable from NALM	8	-

Also included in other assets:

- €100 which is a receivable from NAMGS for the purchase of company shares.

Payables	**2020 €'000**	**2019 €'000**
Intergroup payables		
Intergroup loan due to NALM	6,532	6,532
Amount owed to NALM for expenses settled on the Company's behalf	-	68
	6,532	**6,600**

Included in intergroup payables are the following amounts:

- €100 payable to NARPS D.A.C for the purchase of shares; and
- €100 payable to NALHL (in voluntary liquidation) following the Company's acquisition of its shares.

Investment in subsidiaries	2020 €'000	2019 €'000
National Asset Sarasota Limited Liability Company	-	-

Included in investment in subsidiaries is an amount of €100 in relation to an investment in NARPS D.A.C.

The Company has assessed the investment held in NASLLC and considers it to be impaired. No impairment charge was booked in 2020 (2019: €Nil) as the investment was fully impaired in 2018.

There are no other transactions with related parties other than those set out in this note and all related party transactions occur on an arm's length basis.

19. Risk management

The Company is exposed to credit and liquidity risk in its normal course of business. Credit risk is the risk that amounts receivable from related entities will not be repaid in full. Liquidity risk is the risk that the Company is unable to meet all of its financial obligations as and when they fall due. The Company's exposure to liquidity risk arises from differences in timing between cash inflows, generated from the sale of trading property assets, and cash outflows required for the Company to meet its financial obligations.

The Company is exposed to credit risk of €232k (2019: €276k), being the aggregate of its receivable balances from related entities (refer to Note 18) and cash and cash equivalents. The overall credit risk exposure is therefore deemed to be €232k (2019: €276k).

The intergroup loan facility is repayable on demand. However, the Company has received an undertaking from NALM that it will not demand repayment within 12 months from the date the Directors sign the financial statements.

19.1 Non-derivative cash flows

The following table presents the cash flows payable by the Company on foot of its non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative cash flows 2020	Note	0-6 months €'000	Total €'000
Liabilities			
Intergroup payables	13	**6,532**	**6,532**
Other liabilities	15	**44**	**44**
Total liabilities		**6,576**	**6,576**
Assets held for managing liquidity risk		**124**	**124**

Non-derivative cash flows 2019	Note	0-6 months €'000	Total €'000
Liabilities			
Intergroup payables	13	6,600	**6,600**
Other liabilities	15	78	**78**
Total liabilities		**6,678**	**6,678**
Assets held for managing liquidity risk		**176**	**176**

The Company is not exposed to any other price risk.

19.2 Information regarding the credit quality of financial instruments

The credit quality of the financial instrument amounts at the reporting date has been graded satisfactory. Cash and cash equivalents are held with central banks and other banks/counterparties which have a very low risk of default and a low credit risk profile. All banks/counterparties are rated investment grade by credit rating agencies at 31 December 2020.

20. Fair value of financial assets and liabilities

a) Comparison of carrying value to fair value

The table below summarises at the reporting date the carrying amounts and fair values of financial assets and liabilities not presented on the Company's statement of financial position at their fair value.

	2020 Carrying value €'000	2020 Fair value €'000	2019 Carrying value €'000	2019 Fair value €'000
Assets				
Cash and cash equivalents	124	124	176	176
Other assets	108	108	100	100
	232	**232**	**276**	**276**
Liabilities				
Intergroup payables	6,532	6,532	6,600	6,600
Other liabilities	44	44	78	78
	6,576	**6,576**	**6,678**	**6,678**

Financial assets and financial liabilities not subsequently measured at fair value

For financial assets and liabilities which are not subsequently measured at fair value in the statement of financial position, their fair values are their carrying value due to their short term nature.

b) Fair value hierarchy

IFRS 13 *Fair Value Measurement* specifies a three level hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. The fair value hierarchy comprises:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible. None of the assets and liabilities of the Company are held at fair value.

IFRS 13 requires that financial assets and liabilities not carried at fair value but for which fair value is disclosed are also classified within the fair value hierarchy. Financial assets and liabilities measured at amortised cost are classified under Level 1.

Categories of financial assets and financial liabilities

Financial assets and liabilities are categorised in accordance with IFRS 9 as follows:

- Financial assets measured at amortised cost;
- Financial liabilities measured at amortised cost.

Financial assets	2020 Amortised cost €'000	2019 Amortised Cost €'000
Cash and cash equivalents	124	176
Other assets	108	100

Financial liabilities	2020 Amortised cost €'000	2019 Amortised Cost €'000
Intergroup payables	6,532	6,600
Other liabilities	44	78

21. External audit remuneration

The Comptroller and Auditor General and Mazars provide external audit services to the NAMA Group. The external auditors' remuneration has been borne and incurred by NALM and accordingly are not reflected in the statement of comprehensive income of the Company.

22. Capital management

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. The Company's objectives when managing capital in its statement of financial position are:

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong capital base to support the development of its business; and
- to distribute any surplus to the Exchequer from time to time.

The Company's capital base comprises Share Capital (Note 16). The Company is not subject to any externally imposed capital requirements.

23. Events after the reporting date

There are no significant events after the reporting date affecting the Company.

24. Approval of financial statements

The Directors approved the financial statements on 21 June 2021. The financial statements were authorised for issue by the Board on 21 June 2021.

National Asset Residential Property Services Designated Activity Company

Directors' Report and Financial Statements for the financial year ended 31 December 2020

Financial Statements

Directors

Alan Stewart
Aidan Williams
Brendan McDonagh (appointed 9 November 2020)
Connor Owens (resigned 21 October 2020)

Secretary and Registered Office

Deirdre McCabe (resigned 30 March 2021)
Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021)
Gillian Joyce (Assistant Secretary, resigned 18 June 2020)
Majella Galligan (Assistant Secretary, appointed 30 March 2021)

Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

Principal Banker

Allied Irish Banks, p.l.c.
Baggot Street Lower
Dublin 2
D02 X342

Registered Number

515581

Auditors

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

Mazars
Chartered Accountants and Statutory Audit Firm
Harcourt Centre Block 3
Harcourt Road
Dublin 2
D02 A339

The Directors of National Asset Residential Property Services D.A.C. (the 'Company') present their report and the audited financial statements for the financial year ended 31 December 2020.

The financial statements are set out on pages 14 to 33.

Principal activity of the Company

The principal activity of the Company is the lease of residential properties to approved housing bodies for social housing purposes. The Company acquires these properties with the intention of making these assets available for resale to the approved housing bodies and local authorities. The Company is a National Asset Management Agency Group ('NAMA Group') entity.

Directors' Responsibility Statement

The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the NAMA Act 2009 (the 'Act'), and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Irish company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting records

The measures that the Directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the use of the services of appropriately qualified accounting personnel and the maintenance of appropriate accounting systems.

The Company's accounting records are maintained at the Company's registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

Business review, results and dividends

The Company was set up on 18 July 2012 to acquire residential properties and to lease and ultimately sell these properties to approved housing bodies and/or local authorities for social housing purposes. On 28 September 2019, the Minister for Finance issued a direction to NAMA to retain ownership of NARPS. NARPS is to remain in State ownership and the value attributable may form part of any potential transfer of assets as part of the surplus transfer. As of the date of this direction, the NARPS portfolio of residential properties transferred from inventories-trading properties to investment properties.

During the financial year 2 (2019: 18) residential properties were fully completed. These properties have been leased to approved housing bodies for social housing purposes for a term of twenty years and nine months, under operating lease agreements.

The number of contracted units at the end of 2020 was 24 (2019: 26). The Company had signed agreements with an approved housing body to lease these units once they completed. The approved housing body has however confirmed their intention to complete the purchase of these units.

At the reporting date, the Company had acquired 1,372 properties (2019: 1,370) which were valued at €292m (2019: €287.6m). The acquisition of properties by the Company is funded by an intergroup loan from National Asset Loan Management D.A.C. ('NALM').

The carrying value of the investment properties as at 31 December 2020 is €292m (2019: €288m) with the change in fair value recognised in the income statement being €5.2m (2019: €74.3m).

The Company earned rental income of €12.8m in the financial year (2019: €12.4m) and incurred interest expense of €12.4m (2019: €83.4m) and administration expenses, including legal, tax and portfolio management costs, of €0.4m (2019: €0.1m) resulting in an operating profit before tax of €5.2m (2019: €3.2m). No dividends are proposed or have been paid during the year (2019: €nil). The Company had no employees during the year.

The Company's immediate parent is National Asset Property Management D.A.C. ('NAPM'). The Company is ultimately controlled by the National Asset Management Agency ('NAMA').

Impact of Covid-19

The Covid-19 pandemic and associated restrictions have had a material effect on economic activity world-wide. From the Company's perspective, the pandemic and restrictions have had limited impact during 2020 as the Company continued to rent its properties to approved housing bodies and local authorities at the contracted rates.

Future development

The Company will continue in its current business of acquiring residential properties for leasing to approved housing bodies for social housing purposes for the foreseeable future. On 28 September 2019, the Minister for Finance issued a direction to NAMA to retain ownership of NARPS. NARPS is to remain in State ownership and the value attributable may form part of any potential transfer of assets as part of the surplus transfer.

Going concern assessment

The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. Further details on the going concern assessment is in Note 2.1.

Events after the reporting date

There are no significant events after the reporting date affecting the Company.

Risk management

The Company is exposed to principal risks which have the potential to have a significant impact on the achievement of the Company's overall strategic objectives:

- Domestic or international macroeconomic or financial shock;
- Material loss of human capital;
- A failure to deliver residential delivery plans; and
- Reputational damage.

The principal risks remain under constant review by NAMA's Risk Management Committee and any changes (including the impact of Covid-19) are reported to the NAMA Board. In April 2020, the Board approved a Risk Appetite Statement for each of the Principal Risks which defines the propensity for the NAMA Group to take certain risks in order to achieve its strategic objectives. The Board reviewed and approved the Principal Risks in October 2020 which included subrisks around the pandemic.

The Company is exposed to financial risks such as credit and liquidity risk in the normal course of business. Further details on how the Company manages these risks are given in Note 16 of the financial statements.

Directors and Secretaries

The Directors, who served throughout the financial year are as follows: Alan Stewart, Aidan Williams, Brendan McDonagh (appointed 9 November 2020) and Connor Owens (resigned 21 October 2020).

The Secretaries, who served during the financial year are Deirdre McCabe (Secretary, resigned 30 March 2021), Deirdre O'Sullivan (Assistant Secretary, appointed as Secretary 30 March 2021) and Gillian Joyce (Assistant Secretary, resigned 18 June 2020).

Directors' and Secretaries' interests in shares

The Directors and Secretaries in office at 1 January 2020 and 31 December 2020 had no beneficial interests (2019: none) in the share capital of the Company or any other National Asset Management Agency Investment D.A.C. Group ('NAMAI Group') Company. In addition the Directors have complied with Section 30 of the Act, in relation to the disclosure of beneficial interests in the Company.

Disclosure of Information to Auditors

In so far as each of the Directors in office at the date of approval of the financial statements is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Auditors

The Comptroller and Auditor General is the Company's auditor by virtue of Section 57 of the Act.

Pursuant to the requirements of the Companies Act 2014, NAMA is required to separately appoint a statutory auditor in respect of companies within the NAMA Group which are deemed to be trading for gain. As the NAMAI Group operates to return dividends to its shareholder it is deemed to be trading for gain. As such, Mazars, Chartered Accountants and Statutory Audit Firm, were appointed as statutory auditors of the Company on 1 June 2017 in accordance with section 382(1) of the Companies Act 2014. Mazars have indicated willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Asset Residential Property Services Designated Activity Company

Opinion on the financial statements

I have audited the financial statements of National Asset Residential Property Services Designated Activity Company (the company) for the year ended 31 December 2020 as required under the provisions of section 57 of the National Asset Management Agency Act 2009. The financial statements comprise

- the statement of comprehensive income
- the statement of financial position
- the statement of changes in equity
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion,

- the financial statements give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2020 and of its profit for 2020, and
- the financial statements have been properly prepared in accordance with the financial reporting framework set out in note 2.2 of the notes to the financial statements.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis. As described in the appendix to this report, I conclude on

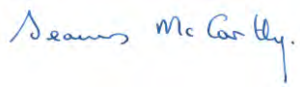
- the appropriateness of the use by the directors of the going concern basis of accounting and
- whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

I have nothing to report in that regard.

Report on information other than the financial statements, and on other matters

The directors have presented a report with the financial statements. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



Seamus McCarthy
Comptroller and Auditor General

25 June 2021

Appendix to the report

Responsibilities of the directors

As detailed in the directors' report, the directors are responsible for

- the preparation of the financial statements under the National Asset Management Agency Act 2009 and in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with the financial reporting framework set out in note 2.2 of the financial statements
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 57 of the National Asset Management Agency Act 2009 to audit the financial statements of the company and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

mazars

Independent auditor's report to the

Members of National Asset Residential Property Services DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Asset Residential Property Services DAC ('the Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the Company financial statements, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the European Union ("EU").

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibility statement out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

mazars

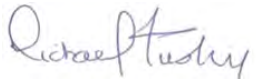
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Tuohy

for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre,
Block 3
Harcourt Road
Dublin 2
Date: 25 June 2021

National Asset Residential Property Services D.A.C.
Statement of comprehensive income
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Lease rental income	4	12,783	12,380
Net gains on investment properties	5	5,171	74,320
Interest and similar expense	6	(12,415)	(83,417)
Administration expenses	7	(368)	(121)
Operating profit before tax		**5,171**	**3,162**
Tax credit/(charge)	8	127	(600)
Operating profit after tax		**5,298**	**2,562**
Other comprehensive income		-	-
Total comprehensive income for the financial year		**5,298**	**2,562**

The accompanying notes form an integral part of these financial statements.

All results are from continued operations.

National Asset Residential Property Services D.A.C.
Statement of financial position
As at 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Assets			
Cash and cash equivalents	9	2,205	1,990
Rental income receivable	10	1,152	1,141
Investment properties	11	292,001	287,565
Other assets	12	132	86
Total assets		**295,490**	**290,782**
Liabilities			
Other liabilities	14	349	373
Tax payable	15	15	426
Intergroup payable	13	290,670	290,825
Total liabilities		**291,034**	**291,624**
Shareholder's equity			
Called up share capital	19	-	-
Retained earnings/(losses)	20	4,456	(842)
Total equity		**4,456**	**(842)**
Total equity and liabilities		**295,490**	**290,782**

The accompanying notes form an integral part of these financial statements.

On behalf of the Directors

21 June 2021

Brendan McDonagh
Director

Aidan Williams
Director

National Asset Residential Property Services D.A.C.
Statement of changes in equity
For the financial year ended 31 December 2020

	Note	Share capital €'000	Retained earnings / (losses) €'000	Total equity €'000
Balance as at 1 January 2020		-	**(842)**	**(842)**
Profit for the financial year	20	-	5,298	5,298
Balance as at 31 December 2020		**-**	**4,456**	**4,456**

	Note	Share capital €'000	Retained losses €'000	Total equity €'000
Balance as at 1 January 2019		-	**(3,404)**	**(3,404)**
Profit for the financial year	20	-	2,562	2,562
Balance as at 31 December 2019		**-**	**(842)**	**(842)**

The accompanying notes form an integral part of these financial statements.

National Asset Residential Property Services D.A.C.
Statement of cash flows
For the financial year ended 31 December 2020

	Note	Year ended 31 December 2020 €'000	Year ended 31 December 2019 €'000
Cash flow from operating activities			
Lease rental income received		12,771	12,228
Operating expenses		(11)	(297)
Tax refund/(paid)		27	(130)
Interest paid on cash and cash equivalents		(19)	(10)
Funds (paid)/received on acquisition of properties		(54)	164
Net reimbursement to NALM		(379)	(74)
Net cash provided by operating activities		**12,335**	**11,881**
Cash flow from financing activities			
Repayment of intergroup loan		(12,120)	(12,058)
Net cash used in financing activities		**(12,120)**	**(12,058)**
Cash and cash equivalents held at the beginning of the financial year		1,990	2,167
Net cash provided by operating activities		12,335	11,881
Net cash used in financing activities		(12,120)	(12,058)
Cash and cash equivalents held at the end of the financial year	9	**2,205**	**1,990**

The accompanying notes form an integral part of these financial statements.

1. General Information

The proposed creation of the National Asset Management Agency ('NAMA') was announced in the Minister for Finance's Supplementary Budget on 7 April 2009 and the NAMA Act 2009 (the 'Act') was passed in November 2009.

The Act established NAMA as a separate statutory body, with its own Board and Chief Executive Officer ("CEO") appointed by the Minister for Finance in December 2009. The NAMA Board and all committees established by the NAMA Board are also responsible for the oversight and governance of all NAMA Group entities. National Asset Residential Property Services D.A.C. (the 'Company') is a subsidiary of NAMA.

The Company was established on 18 July 2012 as a special purpose vehicle ('SPV') to acquire residential properties and to lease and ultimately sell these properties to approved housing bodies for social housing purposes. At the reporting date, a total of 1,372 units (2019: 1,370 units) had been acquired by the Company and leased to approved housing bodies and local authorities for social housing purposes.

The Company's immediate parent is National Asset Property Management D.A.C. ('NAPM'), a company incorporated in Ireland. The Company is ultimately controlled by NAMA. Until 26 May 2020 NAMA owned 49% of the Company's ultimate parent, National Asset Management Agency Investment D.A.C. ('NAMAI'). The remaining 51% of the shares of NAMAI were held by private investors. Under the terms of a shareholders' agreement between NAMA and the private investors, NAMA could exercise a veto over decisions taken by NAMAI. As a result of this veto, the private investors' ability to control the financial and operating policies of NAMAI was restricted and NAMA had effective control of NAMAI and its subsidiaries. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI. The smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared is NAMA.

The address of the registered office of the Company is Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8. The Company is incorporated and domiciled in the Republic of Ireland.

2. Summary of significant accounting policies

2.1 Going concern

The financial statements for the financial year ended 31 December 2020 have been prepared on a going concern basis. The Directors believe that it is appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties related to events or conditions including those related to Covid-19 that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment. The period of assessment used by the directors is twelve months from the reporting date of these annual financial statements.

On this basis, the Directors are satisfied that the Company will have access to adequate resources to continue its operations for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis.

2.2 Statement of compliance and basis of measurement

The Company's financial statements for the financial year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, the NAMA Act 2009, and with those parts of the Companies Acts 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historic cost convention, except for investment properties which have been measured at fair value.

The financial statements are presented in euro (€), which is the Company's functional and presentational currency. The figures shown in the financial statements are stated in € thousands (€'000), unless otherwise stated.

The statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating, investing and financing activities. The cash flows from operating activities are determined using the direct method, whereby major classes of gross cash receipts and gross payments are disclosed.

Cash flows from investing and financing activities are reported on a gross basis. The Company's assignment of the cash flows to operating, investing and financing categories depends on the Company's business model.

In accordance with IAS 1 *Presentation of Financial Statements*, assets and liabilities are presented in order of liquidity.

Certain prior year disclosures have been reclassified to conform to the presentation in the 2020 financial statements, with no impact on the income statement and statement of financial position for prior periods presented.

2.3 Changes in significant accounting policies

There have been no new standards or interpretations or changes in significant accounting policies that have had an effect on the Company's financial statements for the year ended 31 December 2020.

2.4 IFRS Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations have been issued but are not yet effective. The Company has not early adopted them in preparing these financial statements. Of these standards that are not yet effective, none are expected to have a significant impact on the Company's financial statements in the period of initial application.

2.5 Financial assets

Recognition and initial measurement
The Company recognises financial assets in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at fair value. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss. For assets measured on a basis other than at FVTPL, transaction costs that are directly attributable to the acquisition or issue of financial assets are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and subsequent measurement
Subsequent to initial recognition, a financial asset is classified and subsequently measured at either
(a) Amortised cost
(b) Fair value through other comprehensive income (FVOCI) or
(c) Fair value through profit or loss (FVTPL)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any financial asset that does not qualify for amortised cost measurement or measurement at FVOCI must be measured subsequent to initial recognition at FVTPL.

Contractual cash flows are solely payments of principal and interest assessment
For the purpose of the solely payments of principal and interest ('SPPI') assessment, principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Business model assessment
The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Company considers the following information when making the business model assessment:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Amortised Cost
The Company has classified and measured cash and cash equivalents and other assets at amortised cost less any expected credit loss allowance.

2.6 Financial liabilities

The Company recognises financial liabilities in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are measured initially at fair value. The Company classifies and subsequently measures its financial liabilities at amortised cost, with any difference between the proceeds net of transaction costs and the redemption value recognised in the statement of comprehensive income using the effective interest rate method. Where financial liabilities are classified as FVTPL, gains and losses arising from subsequent changes in fair value are recognised directly in the statement of comprehensive income.

2.7 De-recognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.8 Interest expense

Interest expense for all interest-bearing financial liabilities is recognised as interest expense in the statement of comprehensive income using the effective interest rate ('EIR') method.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of a financial asset or the amortised cost of the financial liability.

2.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 Investment properties

Investment properties are initially measured at cost at the point at which the contract has been signed and subsequently at fair value with any change recognised in the income statement. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognised in the income statement when the transaction occurs. Rental income from investment properties is recognised in the income statement.

2.11 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

(a) Current income tax

Current income tax is the expected tax payable on the taxable income for the financial year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Current income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise.

The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

Deferred income tax related to FVOCI reserves is recognised in other comprehensive income and subsequently in the statement of comprehensive income together with the deferred gain or loss.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Company assesses, on an annual basis only, the deferred tax relating to unutilised tax losses.

2.12 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessor
Properties acquired by the Company for the purposes of social housing were recognised as inventories in accordance with IAS 2 *Inventories* until 28 September 2019. On this date, the properties transferred to investment properties and are accounted for in line with IAS 40 *Investment Property.*

Rental income arising from operating leases is accounted for on a straight line basis over the lease term.

2.13 Administration expenses

Administration expenses are recognised on an accrual basis.

2.14 Impairment of financial assets

The Company assesses, on a regular basis, the impairment of financial assets measured at amortised cost and at FVOCI on an expected credit loss (ECL) basis. The measurement of ECL is based on a three-stage approach:

- Stage 1: where financial instruments have not had a significant increase in credit risk since initial recognition, a provision for 12-month ECL is recognised, being the ECL that results from default events that are possible within 12 months of the reporting date;
- Stage 2: where financial instruments have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment, a lifetime ECL is recognised, being the ECL that results from all possible default events over the lifetime of the financial asset;
- Stage 3: where financial assets show objective evidence of impairment, a lifetime ECL is recognised.

There are a variety of approaches that could be used to assess whether the credit risk on a financial instrument has increased significantly since initial recognition. In some cases, detailed quantitative information about the probability of default of a financial instrument or a formal credit rating will be available which can be used to compare changes in credit risk. The Company monitors financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition on a regular basis.

The measurement of the loss allowance is based on the present value of the applicable financial assets expected cash flows using the financial asset's effective interest rate.

The general approach for recognising and measuring a loss allowance is the same for financial instruments measured at amortised cost and those instruments that are measured at FVOCI. However, unlike amortised cost, the loss allowance on instruments at FVOCI are recognised in other comprehensive income and do not reduce the carrying amount of the financial asset in the statement of financial position.

2.15 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognised in the statement of comprehensive income if the carrying amount exceeds its recoverable amount.

3. Critical accounting estimates and judgements

In the preparation of the financial statements, management has made judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year-end date. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

The most significant judgements made by the Company in the preparation of the financial statements are in relation to investment properties.

Investment properties

The fair value of investment properties are determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the categories of properties being valued. Outputs from valuers can be subject to management judgement. The valuer utilised the investment method of valuation using the discounted cash flow technique. The assumptions involved in this technique include:

- determining the likelihood of purchase options being exercised;
- selecting an appropriate exit yield rate based on factors including location and residential unit type; and
- determining expected rent cash flows based on expected growth rates for CPI sub-indices and gross to net percentages for operation costs.

The carrying value of the investment properties as at 31 December 2020 is €292m (2019: €288m) with the change in fair value recognised in the income statement being €5m (2019: €74m).

4. Lease rental income

	2020 €'000	2019 €'000
Lease rental income	**12,783**	**12,380**

Lease rental income is recognised in accordance with accounting policy 2.12. During the financial year the Company fully acquired 2 residential properties (2019: 18) for lease to approved housing bodies as part of its social housing initiative which has led to the increase in lease rental income during 2020.

5. Net gains on investment properties

	Note	2020 €'000	2019 €'000
Fair value movement on investment properties	11	**5,171**	**74,320**

On 28 September 2019, the NARPS portfolio of residential properties was reclassified from inventories-trading properties to investment properties. Investment properties are valued at fair value. Changes in fair value are recognised in the income statement in accordance with accounting policy 2.10. See Note 11 for further details on investment properties held by the Company at the reporting date.

6. Interest and similar expense

	2020 €'000	2019 €'000
Interest on intergroup loan	12,396	83,417
Interest on cash and cash equivalents	19	-
Total interest and similar expense	**12,415**	**83,417**

The Company generated taxable profit of €12.4m during 2020 (2019: €86.6m), €12.4m (2019: €83.4m) of which is payable to NALM under the terms of an intergroup loan agreement between both companies.

During 2020, the Company incurred interest expense of €19k (2019: €Nil) on cash and cash equivalents due to negative interest rates.

7. Administration expenses

	2020 €'000	2019 €'000
Property costs	239	44
Insurance costs	100	21
Legal and tax fees	29	47
Bank charges	-	9
Total administration expenses	**368**	**121**

Legal and tax fees relate to advices received for transactions during the financial year. Property costs relate to property management fees, advisory fees and service charges.

8. Tax (credit)/charge

The reconciliation of tax on losses at the relevant Irish corporation rate to the Company's actual tax expense for the year is as follows:

Reconciliation of tax on profits	2020 €'000	2019 €'000
Profit before tax	5,171	3,162
Tax calculated at a tax rate of 25% (2019: 25%)	1,293	790
Effect of:		
Non-taxable income	(1,290)	(1)
Tax losses utilised	(3)	(165)
Prior period adjustments	(127)	(24)
Taxation (credit)/charge	**(127)**	**600**

The Company has no tax-related contingent liabilities and contingent assets in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. No significant effects arise from changes in tax rates or tax laws after the reporting period.

9. Cash and cash equivalents

	2020 €'000	2019 €'000
Balances with banks	2,205	1,990

Balances with banks comprise balances held with AIB.

No expected credit loss has been recognised on cash and cash equivalents.

10. Rental income receivable

	2020 €'000	2019 €'000
Rental income receivable	1,152	1,141

Lease rental income is recognised in accordance with accounting policy 2.12. Rental receipts are due from the approved housing bodies on the first day of each quarter in arrears for the previous quarter and no amounts were past due at 31 December 2020 (2019: €Nil). No expected credit loss has been recognised on rental income receivable.

11. Investment properties

	2020 €'000	2019 €'000
Investment properties	292,001	287,565

Investment properties are recognised in accordance with accounting policy 2.10.

On 28 September 2019, the Minister for Finance issued a direction to NAMA to retain ownership of NARPS. NARPS is to remain in State ownership and the value attributable may form part of any potential transfer of assets as part of NAMA's terminal surplus. As of the date of this direction, the NARPS portfolio of residential properties transferred from inventories-trading properties to investment properties. Investment properties are carried at fair value. Rental income on investment properties is included in Note 4 as Lease Rental Income. Insurance costs borne by NARPS on the investment properties are included in Note 7.

The following table summarises the movement in investment properties for the reporting period.

Investment properties	Note	2020 €'000	2019 €'000
Balance as at 1 January		287,565	-
Transfer from trading properties		-	211,629
Acquisition of / costs incurred on investment properties		2,335	1,616
Derecognition of investment properties		(3,070)	-
Fair value movements	5	5,171	74,320
Balance as at 31 December		**292,001**	**287,565**

NARPS had a signed agreement with an approved housing body to lease certain investment properties once they completed. The approved housing body in 2020 confirmed their intention to complete the direct purchase of these properties. These properties were therefore derecognised during 2020.

12. Other assets

	2020 €'000	2019 €'000
Prepayments	81	86
Other receivable	51	-
Total other assets	**132**	**86**

13. Related party disclosures

The related parties of the Company comprise the following:

NAMA Group entities

The Company's immediate parent entity is NAPM, a Company incorporated in Ireland. The Company is ultimately controlled by NAMA, which owned 49% of National Asset Management Agency Investment D.A.C. ('NAMAI') until 26 May 2020. The remaining 51% of the shares in NAMAI were held by private investors until that date. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI.

The related party Group comprises:

National Asset Management Agency
National Asset Management Agency Investment D.A.C
National Asset Management D.A.C.
National Asset Management Group Services D.A.C.
National Asset Loan Management D.A.C.
National Asset Management Services D.A.C.
National Asset North Quays D.A.C.
National Asset Property Management D.A.C.
National Asset JV A D.A.C.
National Asset Sarasota Limited Liability Company
Pembroke Ventures D.A.C.
Pembroke Beach D.A.C.
Pembroke West Homes D.A.C
National Asset Leisure Holdings Limited (In Voluntary Liquidation)
RLHC Resort Lazer SGPS, SA
RLHC Resort Lazer II SGPS, SA

Minister for Finance

The Minister for Finance (the 'Minister') established NAMA under the NAMA Act 2009. Sections 13 and 14 of the Act grant certain powers to the Minister in relation to NAMA. Section 13 provides that the Minister may issue guidelines to NAMA for the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is required to have regard to any such guidelines in performing its functions. Section 14 provides that the Minister may issue directions to NAMA concerning the achievement of the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is obliged to comply with any such direction.

The effect of these statutory provisions is that the Minister has the ability to exercise significant influence over NAMA.

Participating Institutions

During 2010, a number of legislative measures were enacted that gave the Minister rights and powers over certain financial institutions in respect of various matters of ownership, board composition, acquisition or sale of subsidiaries, business activity, restructuring and banking activity. The Participating Institutions also agreed to consult with the Minister prior to taking any material action which may have a public interest dimension. Participating Institutions are credit institutions that were designated by the Minister, under Section 67 of the Act, as a Participating Institution.

The Company has an operating account with Allied Irish Banks p.l.c which is a Participating Institution. The account had a balance of €2.2m (2019: €2.0m) at the reporting date. The average closing daily balance throughout the year was €3.7m (2019: €2.8m).

Key management personnel

No Director of the Company received any compensation in the form of fees, salary or other compensation from the Company in their capacity as Directors of the Company. All of the Company Directors, with the exception of Aidan Williams, are employed by the National Treasury Management Agency (NTMA) and received salaries as employees of the NTMA. The Directors do not consider it practical to apportion their emoluments between their qualifying services as Directors of the Company and as directors of other NAMA group undertakings. The emoluments of these Directors are disclosed in the financial statements of NAMAI.

Related party balances

Interest expense	**2020 €'000**	**2019 €'000**
Interest on intergroup loan	12,396	83,417

The Company also has an intergroup receivable of €100 (2019: €100) from NAPM which represents the proceeds from the issuance of the shares of the Company.

Intergroup payable	**2020 €'000**	**2019 €'000**
Intergroup loan due to NALM	201,995	202,924
Intergroup interest due to NALM	88,018	87,742
Amount owed to NALM for expenses settled on the Company's behalf	657	159
Total intergroup payable	**290,670**	**290,825**

Changes in intergroup loan arising from financing activities	**2020 €'000**	**2019 €'000**
As at the beginning of the year	290,666	218,155
Cash flows		
Repayment of intergroup loan	(12,120)	(12,058)
Non-cash changes	11,467	84,569
At the end of the year	**290,013**	**290,666**

There are no other transactions with related parties other than those set out in this note and all related party transactions occur on an arm's length basis.

All intergroup liabilities in the Company are current liabilities.

14. Other liabilities

	2020 €'000	2019 €'000
Accrued expenses	289	373
Other liabilities	51	-
VAT payable	9	-
Total other liabilities	**349**	**373**

All other liabilities in the Company are current liabilities.

15. Tax payable

	2020 €'000	2019 €'000
Tax payable	**15**	**426**

16. Risk management

The Company is exposed to credit risk and liquidity risk in its normal course of business. Credit risk is the risk of incurring financial loss that would arise from the failure of the Company's debtors to fulfil its contractual obligations to the Company. Liquidity risk is the risk that the Company is unable to meet all of its financial obligations as and when they fall due. The Company's exposure to liquidity risk arises from differences in timing between cash inflows, generated from the lease of properties to approved housing bodies, and cash outflows required for the Company to meet its financial obligations.

The Company is exposed to credit risk of €3.4m (2019: €3.1m), comprising cash and cash equivalents (Note 9), rental income receivable (Note 10) and other receivables (Note 12). The overall credit risk exposure is therefore deemed to be €3.4m (2019: €3.1m).

The intergroup loan facility is repayable on demand.

16.1 Non-derivative cash flows

The following table presents the cash flows payable by the Company on foot of its non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative cash flows 2020	**0-6 months €'000**	**Total €'000**
Liabilities		
Other liabilities	349	349
Intergroup payable	290,670	290,670
Total liabilities	**291,019**	**291,019**
Assets held for managing liquidity risk	**2,205**	**2,205**

Non-derivative cash flows 2019	0-6 months €'000	Total €'000
Liabilities		
Accrued expenses	373	373
Intergroup payable	290,825	290,825
Total liabilities	**291,198**	**291,198**
Assets held for managing liquidity risk	**1,990**	**1,990**

The Company is not exposed to any other price risk.

16.2. Information regarding the credit quality of financial instruments

The credit quality of the financial instrument amounts at 31 December 2020 has been graded satisfactory (2019: satisfactory). Default occurs when a counterparty does not meet its obligations. Cash and cash equivalents are held with AIB which has a very low risk of default and a low credit risk profile. AIB is rated investment grade by credit rating agencies at 31 December 2020 (2019: investment grade).

17. Fair value of financial assets and liabilities

Comparison of carrying value to fair value
The following table summarises the carrying amounts and fair values of financial assets and liabilities presented on the Company's statement of financial position.

	2020 Carrying value €'000	2020 Fair value €'000	2019 Carrying value €'000	2019 Fair value €'000
Financial assets				
Cash and cash equivalents	2,205	2,205	1,990	1,990
Rental income receivable	1,152	1,152	1,141	1,141
Other receivable	51	51	-	-
Total financial assets	**3,408**	**3,408**	**3,131**	**3,131**
Financial liabilities				
Other liabilities	349	349	373	373
Intergroup payable	290,670	290,670	290,825	290,825
Total financial liabilities	**291,019**	**291,019**	**291,198**	**291,198**

Financial assets and liabilities not subsequently measured at fair value
For financial assets and liabilities which are not subsequently measured at fair value in the statement of financial position, their fair values are their carrying value due to their short term nature.

Fair value hierarchy

IFRS 13 *Fair Value Measurement* specifies a three level hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect assumptions that

are specific to the asset and are not necessarily based on observable market data. The fair value hierarchy comprises:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes investment properties. The fair value of investment properties were determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the categories of properties being valued. The valuer utilised the investment method of valuation using the discounted cash flow technique. The assumptions involved in this technique include:
  - determining the likelihood of the purchase option being exercised;
  - selecting an appropriate exit yield rate based on factors including location and residential unit type. Yield rates range from 3.75% to 7.5% (2019: 3.75% to 8%); and
  - determining expected rent cash flows based on expected growth rates for CPI sub-indicies and gross to net percentages for operation costs.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Fair value hierarchy for assets and liabilities measured at fair value

31 December 2020	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Investment properties	-	-	292,001	**292,001**

31 December 2019	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets				
Investment properties	-	-	287,565	**287,565**

The following table shows a reconciliation of the opening and closing amounts of Level 3 assets which are recorded at fair value.

Investment properties	2020 €'000	2019 €'000
Balance as at 1 January	287,565	-
Transfer from trading properties	-	211,629
Acquisition of / costs incurred on investment properties	2,335	1,616
Derecognition of investment properties	(3,070)	-
Fair value movements	5,171	74,320
Balance as at 31 December	**292,001**	**287,565**

Quantitative information about fair value measurements (Level 3)

Level 3 assets	Valuation technique	Unobservable input	Fair value 31 December 2020 €'000	Fair value 31 December 2019 €'000
Investment properties	Discounted cashflow	1) Yield rates 2) Growth rates 3) Gross to net percentage for operating cost 4) Exercise of Purchase option	292,001	287,565

Sensitivity of Level 3 measurements

The implementation of valuation techniques involves a considerable degree of judgement. The sensitivity analysis has been determined based on the exposure to possible alternative assumptions in the valuation methodology at the end of the reporting period. The fair value of investment properties would change if any of the unobservable inputs were to change.

Categories of financial assets and financial liabilities

Financial assets and liabilities are categorised in accordance with IFRS 9 as follows:

- Financial assets or liabilities measured at amortised cost

Financial assets	2020 Amortised cost €'000	2019 Amortised cost €'000
Cash and cash equivalents	2,205	1,990
Rental income receivable	1,152	1,141
Other receivable	51	-

Financial liabilities	2020 Amortised cost €'000	2019 Amortised cost €'000
Other liabilities	349	373
Intergroup payable	290,670	290,825

Intergroup payables consist of an intergroup loan agreement between the Company and NALM, and an amount owed to NALM for administration expenses settled on the Company's behalf (see Note 13).

18. Operating leases

The future minimum operating lease receivables from lessees is set out in the following table:

	2020 €'000	2019 €'000
Less than one year	13,343	12,504
Between one and five years	53,373	50,017
More than five years	148,677	155,895
Total future minimum operating lease receipts	**215,393**	**218,416**

Operating leases relate to the investment properties owned by the Company with lease terms of 20 years and 9 months, at origination. Lessees have an option to purchase the units of property at the open market value of the property, discounted by 10%, for a period of 6 months commencing on the fourteenth year of the lease term. NARPS is responsible for the structural repair for any damage to the investment properties which has not been caused by the lessee or sub-lessee.

19. Called up share capital

As at 31 December 2020 and 2019	Number	€
Authorised:		
Ordinary shares of €1 each	1,000	1,000
Issued and fully paid:		
Ordinary shares of €1 each	100	100

The Company's capital base comprises only share capital. These shares do not have any special rights, preferences or restrictions attaching to them.

20. Retained earnings/(losses)

	2020 €'000	2019 €'000
As at 1 January	(842)	(3,404)
Profit for the financial year	5,298	2,562
As at 31 December	**4,456**	**(842)**

21. External audit remuneration

The Comptroller and Auditor General and Mazars provide external audit services to the NAMA Group. The external auditors' remuneration has been borne and incurred by NALM and accordingly is not reflected in the statement of comprehensive income of the Company.

22. Capital management

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. The Company's objectives when managing capital in its statement of financial position are:

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong capital base to support the development of its business; and
- to distribute any surplus within the Group from time to time.

See Note 19 for further details.

23. Events after the reporting date

There are no significant events after the reporting date affecting the Company.

24. Approval of financial statements

The Directors approved the financial statements on 21 June 2021. The financial statements were authorised for issue by the Board on 21 June 2021.

National Asset Sarasota Limited Liability Company

(Incorporated in Florida, U.S.A. as a limited liability company)

Board Report and Financial Statements
for the financial year ended 31 December 2020

National Asset Sarasota Limited Liability Company
(Incorporated in Florida, U.S.A. as a limited liability company)

Contents

Financial Statements

National Asset Sarasota Limited Liability Company
(Incorporated in Florida, U.S.A. as a limited liability company)

Directors and other information

Directors

Management of National Asset Sarasota Limited Liability Company is reserved to its sole member, National Asset Property Management D.A.C. (NAPM). All decisions are made by NAPM. The Directors of NAPM are Brendan McDonagh, Alan Stewart and Aidan Williams.

Registered Office

Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

Registered Number

L13000109255

Auditor

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

Registered Agent

Corporation Service Company
1201 Hays Street
Tallahassee
FL 32301

National Asset Sarasota Limited Liability Company
(Incorporated in Florida, U.S.A. as a limited liability company)

Board report

The Board of National Asset Sarasota Limited Liability Company (the 'Company') presents its report and audited financial statements for the financial year ended 31 December 2020.

The financial statements are set out on pages 8 to 21.

Statement of Company's Responsibilities for Financial Statements

The Company has elected to apply IFRS as adopted by the European Union in preparation of the financial statements. The Company is required by the National Asset Management Agency Act 2009 ('the Act') to prepare financial statements in respect of its operations for each financial year.

In preparing the financial statements, the Company:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- discloses and explains any material departure from applicable accounting standards;
- prepares the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. (see accounting policy 2.1).

The Company is responsible for keeping in such form as may be approved by the Minister for Finance ('the Minister') all proper and usual accounts of all moneys received or expended by it and for maintaining adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The Company is also responsible for safeguarding assets under its control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company was established by National Asset Management Agency ('NAMA') on 1 August 2013 as a company in Florida, United States of America. Audited company financial statements are not required in accordance with Florida state company law however the Company, as a NAMA Group entity, is required to prepare annual financial statements and submit them to the Comptroller and Auditor General for audit, in accordance with Section 57(1) of the Act. In accordance with Section 57(2) of the Act, the Company is also required to present its financial statements to the Minister for Finance, who will lay the Company's financial statements before each House of the Oireachtas.

Risk management

The Company is exposed to principal risks which have the potential to have a significant impact on the achievement of the Company's overall strategic objectives:

- Domestic or international macroeconomic or financial shock;
- Reputational damage.

The principal risks remain under constant review by NAMA's Risk Management Committee and any changes (including the impact of Covid-19) are reported to the NAMA Board. In April 2020, the Board approved a Risk Appetite Statement for each of the Principal Risks which defines the propensity for the NAMA Group to take certain risks in order to achieve its strategic objectives. The Board reviewed and approved the Principal Risks in October 2020 which included subrisks around the pandemic.

The Company is exposed to financial risks such as liquidity risk in the normal course of business. Further details on how the Company manages these risks are given in Note 13 of the financial statements.

Board report (continued)

Impact of Covid-19

The Covid-19 pandemic and associated restrictions have had a material effect on economic activity world-wide. From the Company's perspective, the pandemic and restrictions have had limited impact during 2020 as the Company completed the sale of its property asset in November 2020.

Board Members' interests

The Members of the Board have no beneficial interest in the Company (2019: none) and have complied with Section 30 of the Act in relation to the disclosure of interests.

Auditor

The Comptroller and Auditor General is the Company's auditor by virtue of Section 57 of the Act.

On behalf of the Board

21 June 2021

Brendan McDonagh
Director of NAPM

Aidan Williams
Director of NAPM

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Asset Sarasota Limited Liability Company

Opinion on the financial statements

I have audited the financial statements of National Asset Sarasota Limited Liability Company (the company) for the year ended 31 December 2020 as required under the provisions of section 57 of the National Asset Management Agency Act 2009. The financial statements comprise

- the statement of comprehensive income
- the statement of financial position
- the statement of changes in equity,
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion,

- the financial statements give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2020 and of its loss for 2020, and
- the financial statements have been properly prepared in accordance with the financial reporting framework set out in note 2.2 of the notes to the financial statements.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Basis of preparation of financial statements

NAMA has decided not to prepare the financial statements on a going concern basis. Accounting policies 2.1 and 2.2 disclose why they consider it would not be appropriate to do so.

As described in the appendix to this report, I am required to conclude on the appropriateness of their decision.

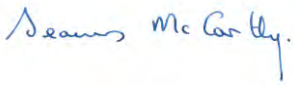
NAMA established the company on 1 August 2013 in Florida, United States of America, to take direct ownership of US domiciled assets when required. The company disposed of the last property in November 2020 and has no assets remaining. At 31 December 2020, the company had outstanding liabilities of €1.9 million, all of which is due to other NAMA group companies. NAMA is currently considering the future of the company.

My audit opinion is not modified in respect of this matter.

Report on information other than the financial statements, and on other matters

The directors have presented a report with the financial statements. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



Seamus McCarthy
Comptroller and Auditor General

25 June 2021

Appendix to the report

Responsibilities of NAMA

As detailed in the board report, NAMA is responsible for

- the preparation of the financial statements under the National Asset Management Agency Act 2009
- ensuring that the financial statements give a true and fair view in accordance with the financial reporting framework set out in note 2.2 of the financial statements
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 57 of the National Asset Management Agency Act 2009 to audit the financial statements of the company and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

National Asset Sarasota Limited Liability Company
(Incorporated in Florida, U.S.A. as a limited liability company)

Statement of comprehensive income
For the financial year ended 31 December 2020

	Note	Financial year ended 31 December 2020 €'000	Financial year ended 31 December 2019 €'000
Sale of inventory – trading properties	4	926	-
Cost of sales	4	(926)	-
Net profit on sale of inventory property		-	-
Interest and similar expense	5	(25)	(59)
Write down of inventory	6	(95)	(456)
Administration expenses	7	(102)	(131)
Foreign exchange gains/(losses)	8	199	(28)
Loss for the year before income tax		**(23)**	**(674)**
Tax charge	9	-	-
Loss for the financial year		**(23)**	**(674)**
Total comprehensive expense for the financial year		**(23)**	**(674)**

The accompanying notes form an integral part of these financial statements.

National Asset Sarasota Limited Liability Company
(Incorporated in Florida, U.S.A. as a limited liability company)

Statement of financial position
As at 31 December 2020

	Note	31 December 2020 €'000	31 December 2019 €'000
Assets			
Inventories – trading properties	10	-	881
Total assets		**-**	**881**
Liabilities			
Other liabilities	11	1,940	2,798
Total liabilities		**1,940**	**2,798**
Equity and reserves			
Ordinary share capital	14	-	-
Capital contribution	15	6,332	6,332
Retained losses	16	(8,272)	(8,249)
Total equity and reserves		**(1,940)**	**(1,917)**
Total equity and liabilities		**-**	**881**

The accompanying notes form an integral part of these financial statements.

On behalf of the Board of NAPM

21 June 2021

Brendan McDonagh
Director of NAPM

Aidan Williams
Director of NAPM

National Asset Sarasota Limited Liability Company
(Incorporated in Florida, U.S.A. as a limited liability company)

Statement of changes in equity
For the financial year ended 31 December 2020

	Note	Share capital €'000	Capital contribution €'000	Retained losses €'000	Total equity and reserves €'000
Balance as at 1 January 2020		-	**6,332**	**(8,249)**	**(1,917)**
Loss for the financial year	16	-	-	(23)	(23)
Total comprehensive expense		-	-	**(23)**	**(23)**
Balance as at 31 December 2020		-	**6,332**	**(8,272)**	**(1,940)**

	Note	Share capital €'000	Capital contribution €'000	Retained losses €'000	Total equity and reserves €'000
Balance as at 1 January 2019		-	**6,332**	**(7,575)**	**(1,243)**
Loss for the financial year	16	-	-	(674)	(674)
Total comprehensive expense		-	-	**(674)**	**(674)**
Balance as at 31 December 2019		-	**6,332**	**(8,249)**	**(1,917)**

National Asset Sarasota Limited Liability Company
(Incorporated in Florida, U.S.A. as a limited liability company)

Statement of cash flows
For the financial year ended 31 December 2020

The Company has no bank accounts and there were no cash transactions during the current and prior financial year.

Notes to the financial statements

1. General Information

The proposed creation of the National Asset Management Agency ('NAMA') was announced in the Minister for Finance's Supplementary Budget on 7 April 2009 and the NAMA Act 2009 (the 'Act') was passed in November 2009.

The Act established NAMA as a separate statutory body, with its own Board and Chief Executive Officer ("CEO") appointed by the Minister for Finance in December 2009. The NAMA Board and all committees established by the Board are also responsible for the oversight and governance of all NAMA Group entities. National Asset Sarasota Limited Liability Company (the 'Company') is a subsidiary of NAMA and thus is a NAMA Group entity.

The Company was established as a Special Purpose Vehicle (SPV), whose purpose is to take direct ownership of US domiciled assets when required. The Company's immediate parent is National Asset Property Management D.A.C. ('NAPM'), a Company incorporated in Ireland. Management of the Company is reserved to its sole member, NAPM. All decisions are made by NAPM.

The Company acquired a loan in June 2015 to facilitate the potential acquisition of a secured asset as part of a foreclosure process. At the foreclosure auction, a third party purchaser bid and there were ongoing discussions with the third party to conclude a sale. It transpired during 2017 that the third party was not in a position to complete the purchase. During 2017, the Company used the loan as consideration to acquire the property asset with a view to disposing of the asset. In November 2020, the property asset was sold.

The address of the registered office of the Company is Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8. The Company is incorporated and domiciled in the United States of America, in the state of Florida. The address of the Registered Agent is Corporation Service Company, 1201 Hays Street, Tallahassee, FL 32301.

2. Summary of significant accounting policies

2.1 Going concern

The financial statements for the financial year ended 31 December 2020 are not prepared on a going concern basis. The Directors of NAPM are not satisfied that the Company has the ability to continue in business for the period of assessment. The period of assessment used by the Board is twelve months from the reporting date of these annual financial statements.

The Company is in a net deficit position as its total liabilities of €1.9m exceed its total assets of €Nil at 31 December 2020. Following the disposal of the trading property in 2020, the Company has no assets remaining to meet its liabilities. On this basis, the Directors of NAPM are not satisfied that the Company will have access to adequate resources to continue its operations for the foreseeable future. Therefore it is not appropriate to prepare the financial statements on a going concern basis.

The future of the Company is currently being considered by the Directors of NAPM.

2.2 Basis of compliance and measurement

The Company's financial statements for the financial year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union, and the NAMA Act 2009. The financial statements are prepared on a non-going concern basis. No change in recognition or measurement of the Company's assets or liabilities is required due to the non-going concern basis being applied.

The financial statements have been prepared under the historical cost convention.

Notes to the financial statements (continued)

The Company's functional currency is US dollar. The Company is a member of the NAMA Group, whose consolidated financial statements are presented in euro (€), therefore this is the presentational currency used by the Company. The figures shown in the financial statements are stated in thousands (€'000) unless otherwise stated.

No cash flow statement is provided for the Company. All cash movements are made through National Asset Loan Management D.A.C. (NALM).

In accordance with IAS 1 *Presentation of Financial Statements*, assets and liabilities are presented in order of liquidity.

2.3 Changes in significant accounting policies

There have been no new standards or changes in significant accounting policies that have had a material effect on the Company's financial statements for the year ended 31 December 2020.

2.4 IFRS Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations have been issued but are not yet effective. The Company has not early adopted them in preparing these financial statements. Of these standards that are not yet effective, none are expected to have a significant impact on the Company's financial statements in the period of initial application.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional currency is US dollar.

The financial statements are presented in euro, which is the Company's presentation currency.

(b) Transactions and balances

Transactions denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses are presented as a separate line item in the statement of comprehensive income.

2.6 Financial liabilities

The Company recognises financial liabilities in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are measured initially at fair value. The Company classifies and subsequently measures its financial

liabilities at amortised cost, with any difference between the proceeds net of transaction costs and the redemption value recognised in the statement of comprehensive income using the effective interest method. Where financial liabilities are classified as fair value through profit or loss ('FVTPL'), gains and losses arising from subsequent changes in fair value are recognised directly in the statement of comprehensive income.

2.7 De-recognition of financial liabilities

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.8 Interest expense

Interest expense for all interest-bearing financial instruments is recognised as interest expense in the statement of comprehensive income using the effective interest rate ("EIR") method.

The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortised cost of the financial liability.

2.9 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income.

(a) Current income tax

Current income tax is the expected tax payable on the taxable income for the financial year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Current income tax payable on profits, based on the applicable tax law in the relevant jurisdiction, is recognised as an expense in the period in which the profits arise.

The tax effects of current income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.
An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes

levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Company assesses, on an annual basis only, the deferred tax relating to unutilised tax losses.

2.10 Administration expenses

Administration expenses are recognised on an accruals basis.

2.11 Inventories - trading properties

Trading properties include property assets which are held for resale in accordance with IAS 2 Inventories. They are recognised initially on the statement of financial position at the point at which the purchase contract has been signed with the vendor. Subsequent to initial recognition, trading properties are stated at the lower of cost and net realisable value. Costs are determined on the basis of specific identification of individual costs relating to each asset. Net realisable value ('NRV') represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale. Revisions to the carrying value of trading properties are recognised in the statement of comprehensive income.

Profits and losses on the disposal of trading properties are recognised in the statement of comprehensive income when the transaction occurs.

3. Critical accounting estimates and judgements

In the preparation of the financial statements, management has made judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year-end date. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

The most significant judgements made by the Company, in the preparation of the financial statements are in regard to inventories - trading properties

Inventories - trading properties

Inventories - trading properties are accounted for under IAS 2 Inventories, as opposed to IAS 40 Investment Property. Trading properties are property assets which are held for resale. They are recognised initially on the statement of financial position at the point at which the purchase contract has been signed with the vendor, in line with accounting policy 2.11. Subsequent to initial recognition, trading properties are stated at the lower of cost and net realisable value. Cost is determined on the basis of specific identification of individual costs relating to each asset. Net realisable value represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale. Revisions to the carrying value of trading properties are recognised in the statement of comprehensive income.

4. Sale of inventory – trading properties

	2020 €'000	2019 €'000
Sale of inventory – trading properties	926	-

Inventory is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts.

	2020 €'000	2019 €'000
Cost of sales	(926)	-

Cost of sales comprised the carrying value of inventory sold during the 2020.

5. Interest and similar expense

	2020 €'000	2019 €'000
Interest on intergroup loan facility	25	59

Interest on intergroup loan relates to interest charged on the intergroup loan due to NALM. The loan was advanced in June 2015 to fund the purchase of a loan asset. Interest is charged on the loan at a rate equal to 6 month USD Libor.

6. Write down of inventory

	2020 €'000	2019 €'000
Write down of inventory	95	456

In accordance with accounting policy 2.11, trading properties are measured at the lower of cost and net realisable value. The Company recognised a revaluation loss for 2020 of €95k (2019: €456k).

7. Administration expenses

	2020 €'000	2019 €'000
Portfolio management fees	(3)	80
Tax advice fees	10	16
Legal fees	95	35
Total administration expenses	**102**	**131**

8. Foreign exchange gains/(losses)

	2020 €'000	2019 €'000
Foreign exchange gains/(losses)	**199**	**(28)**

Foreign exchange movements during the year reflect the movement in the values of assets and liabilities denominated in USD.

The net gains/losses have been recognised in accordance with accounting policy 2.5.

Notes to the financial statements (continued)

9. Tax charge

The reconciliation of tax on loss at the relevant Irish corporation tax rate to the Company's actual tax charge for the financial year is as follows:

Reconciliation of tax on profits	2020 €'000	2019 €'000
Loss before tax	(23)	(674)
Tax calculated at a tax rate of 25%	(5)	(169)
Effect of:		
Tax losses not utilised	5	169
Tax charge	**-**	**-**

The Company has no tax-related contingent liabilities and contingent assets in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. No significant effects arise from changes in tax rates or tax laws after the reporting period.

10. Inventory – trading properties

	2020 €'000	2019 €'000
Inventory – trading properties	-	881

The Company acquired a trading property during 2017 in full settlement of the USD loan.

Trading properties are recognised in accordance with accounting policy 2.11. The movement in carrying value relates to the revaluation of the asset during 2020 and the disposal of the property in November 2020.

11. Other liabilities

	2020 €'000	2019 €'000
Intergroup loan due to NALM	1,352	2,299
Other payables due to NALM	542	343
Accrued expenses	46	156
Total other liabilities	**1,940**	**2,798**

The intergroup loan due to NALM D.A.C. reflects the loan facility advanced to the Company to fund the acquisition of a loan asset. When the property asset was disposed in November 2020, the sales proceeds were used to re-pay part of this loan. Interest is charged on the loan at a rate equal to 6 month USD Libor on a monthly basis. The intergroup payable to NALM is a current liability.

Notes to the financial statements (continued)

12. Fair value of financial liabilities

Comparison of carrying value to fair value

The following table summarises the carrying amounts and fair values of financial liabilities presented on the Company's statement of financial position.

As at 31 December	2020 Carrying value €'000	2020 Fair value €'000	2019 Carrying value €'000	2019 Fair value €'000
Liabilities				
Other liabilities	1,940	1,940	2,798	2,798

The estimated fair value of intergroup payables represents the valuation of the intergroup loan facility in place from NALM. This loan was issued in June 2015. As the loan is repayable on demand, the fair value is deemed to be equal to the carrying value as presented in the statement of financial position.

13. Risk management

The Company is exposed to liquidity risk in its normal course of business. Liquidity risk is the risk that the Company will not be able to meet all of its financial obligations as and when they fall due.

The Company's exposure to liquidity risk arises from differences in timing between cash inflows and cash outflows required for the Company to meet its financial obligations.

Non-derivative cash flows

The following table presents the cash flows payable by the Company on foot of its non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative cash flows 2020	0-6 months €'000	Total €'000
Liabilities		
Other liabilities	1,940	1,940
Total liabilities	**1,940**	**1,940**
Assets held for managing liquidity risk	-	-

Non-derivative cash flows 2019	0-6 months €'000	Total €'000
Liabilities		
Other liabilities	2,798	2,798
Total liabilities	**2,798**	**2,798**
Assets held for managing liquidity risk	-	-

The Company is not exposed to any other price risk. Intergroup facilities are repayable on demand.

14. Ordinary share capital

As at 31 December 2020 and 2019	Number	€
Authorised:		
Ordinary shares of € 1 each	1,000	1,000
Issued and fully paid:		
Ordinary shares of € 1 each	100	100

15. Capital contribution

	2020 €'000	2019 €'000
Capital contribution from NAPM	6,332	6,332

Capital contributions by NAPM reflect the equity investments in the Company to fund the acquisition of property and financial assets.

16. Retained losses

	2020 €'000	2019 €'000
At 1 January	(8,249)	(7,575)
Loss for the financial year	(23)	(674)
At 31 December	**(8,272)**	**(8,249)**

17. Related party disclosures

Control of the Company:
The Company's immediate parent entity is National Asset Property Management D.A.C. ('NAPM'), a Company incorporated in Ireland. The Company is ultimately controlled by NAMA, which owned 49% of National Asset Management Agency Investment D.A.C. ('NAMAI') until 26 May 2020. The remaining 51% of the shares in NAMAI were held by private investors until that date. On 26 May 2020, NAMA exercised an option to purchase the private investors' 51% shareholding in NAMAI. From this date, NAMA held a 100% shareholding in NAMAI.

The related party group comprises:
National Asset Management Agency
National Asset Management Agency Investment D.A.C.
National Asset Management D.A.C.
National Asset Management Group Services D.A.C.
National Asset Loan Management D.A.C.
National Asset North Quay D.A.C.
National Asset Property Management D.A.C.
National Asset Management Services D.A.C.

Notes to the financial statements (continued)

National Asset JV A D.A.C.
National Asset Residential Property Services D.A.C.
Pembroke Beach D.A.C.
Pembroke West Homes D.A.C
Pembroke Ventures D.A.C.
National Asset Leisure Holdings Limited (in Voluntary Liquidation)
RLHC Resort Lazer SGPS, SA
RLHC Resort Lazer II SGPS, SA

Minister for Finance

The Minister for Finance (the 'Minister') established NAMA under the NAMA Act 2009. Sections 13 and 14 of the Act grant certain powers to the Minister in relation to NAMA. Section 13 provides that the Minister may issue guidelines to NAMA for the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is required to have regard to any such guidelines in performing its functions. Section 14 provides that the Minister may issue directions to NAMA concerning the achievement of the purposes of the Act and, in particular, in relation to the purpose of contributing to the social and economic development of the State. NAMA is obliged to comply with any such direction.

The effect of these statutory provisions is that the Minister has the ability to exercise significant influence over NAMA.

Key management personnel

The Company has no Directors. All decisions are made by NAPM. No Director of NAPM received any compensation in the form of fees, salary or other compensation from the Company in their capacity as Directors of NAPM. All of the Directors of NAPM, with the exception of Aidan Williams, are employed by the National Treasury Management Agency ('NTMA') and received salaries as employees of the NTMA. The Directors who served during the financial year are also Directors of National Asset Management Agency Investment D.A.C., a fellow NAMA group company. The Directors are also Directors of a number of other NAMA group undertakings. The Directors do not consider it practical to apportion their emoluments between their qualifying services as directors of the Company and as directors of other NAMA group undertakings. The emoluments of these Directors are disclosed in the financial statements of NAMAI.

Transactions with NAMA Group entities

The following are the amounts owed to and from related parties at the reporting date. All transactions with related parties are carried out on an arm's length basis.

Expenses	2020 €'000	2019 €'000
Interest expense		
Interest on intergroup loan facility	25	59

Payables	2020 €'000	2019 €'000
Intergroup payables		
Intergroup loan due to NALM	1,352	2,299
Other payables due to NALM	542	343

See Note 11 for further details on the intergroup loan facility from NALM.

There are no other transactions with related parties other than those set out in this note and all related party transactions occur on an arm's length basis.

18. Events after the reporting date

There are no significant events after the reporting date affecting the Company.

19. Approval of financial statements

The Directors of NAPM approved the financial statements on 21 June 2021. The financial statements were authorised for issue by the Directors of NAPM on 21 June 2021.