



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

Ciste Infheistíochta Straitéisí d'Éirinn
Ireland Strategic Investment Fund

Ireland Strategic Investment Fund

1st June 2016

The Clarion Hotel, Cork City





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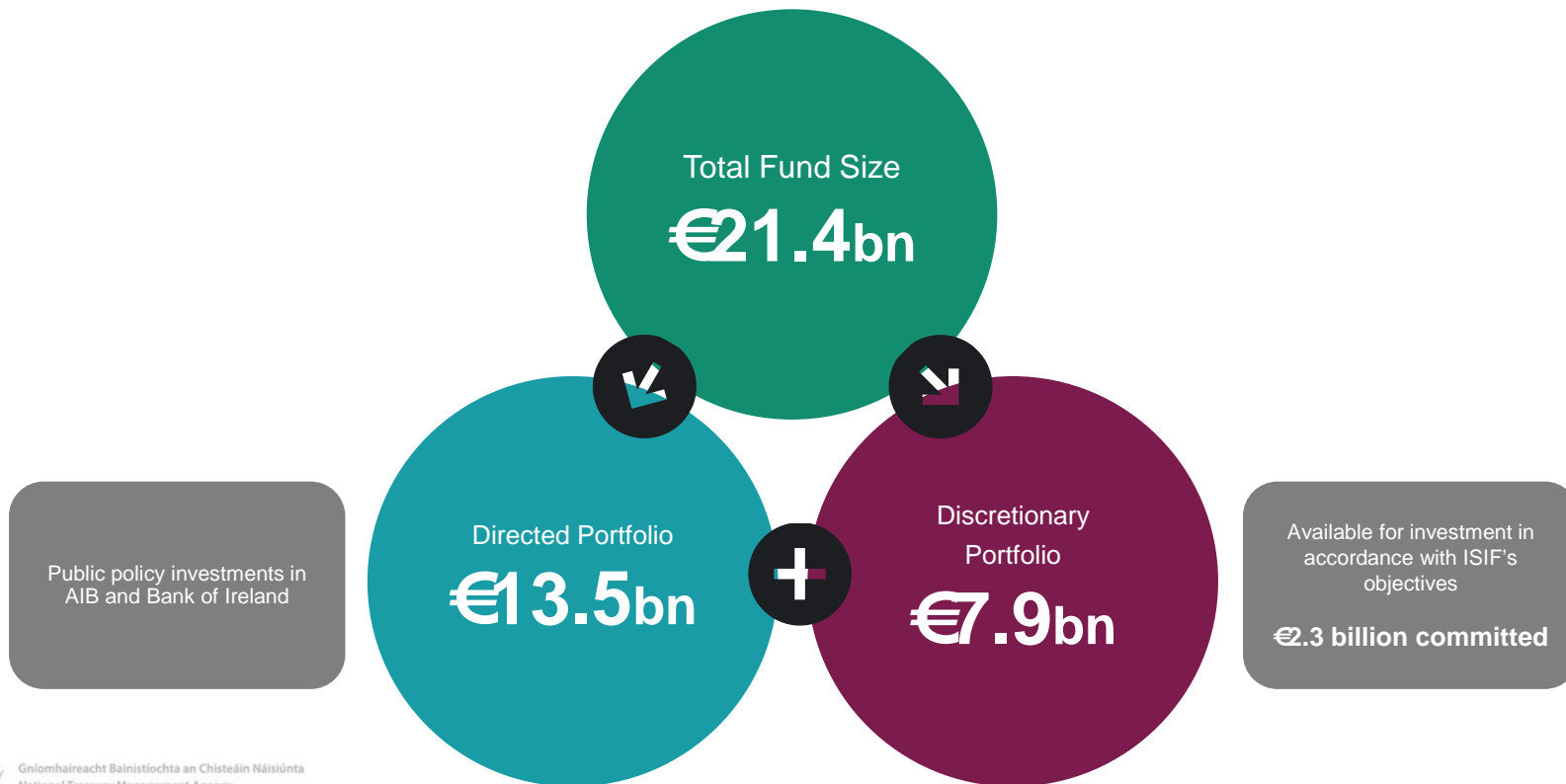
Eugene O'Callaghan

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Fund Size and Structure



Public policy investments in AIB and Bank of Ireland

Directed Portfolio
€13.5bn

+

Discretionary Portfolio
€7.9bn

Available for investment in accordance with ISIF's objectives
€2.3 billion committed



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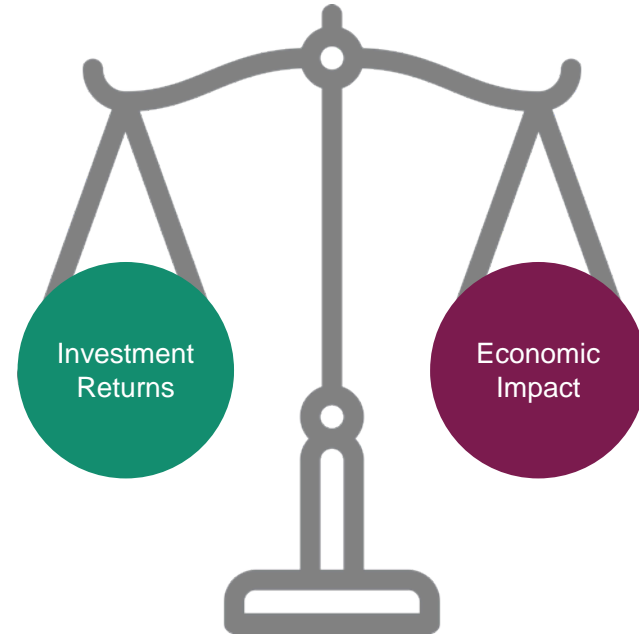
Invest on a commercial basis
to support economic activity
and employment in Ireland



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A Unique and Challenging Mandate



High Economic Impact Investments

Economic Impact Framework - Key Concepts



Additionality

Benefits would not have been achieved without the ISIF investment



Deadweight

Benefits would have been achieved without ISIF investment



Displacement

Benefits achieved at expense of other domestic players



Commercial Investment Objectives

Return and Commerciality

Risk adjusted expected return

Third Party investors validate commerciality

No "Soft Money"

Debt and/or equity

Participate in all levels of capital structure -
Equity, Mezzanine, Senior Debt, etc

Tenor

Long term horizons

No restrictions on tenor

Flexibility

No set regulatory or return on capital requirements

Ownership / Control not key driver

Innovative

Seek new ways to play a role in the market

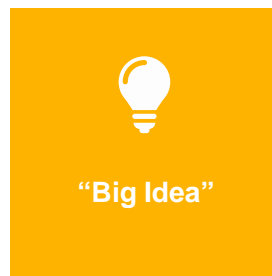
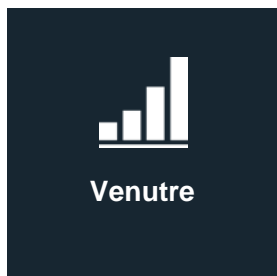
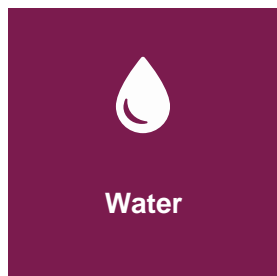
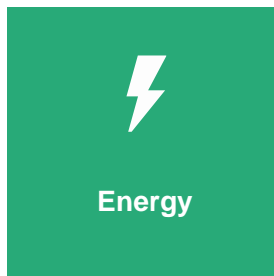
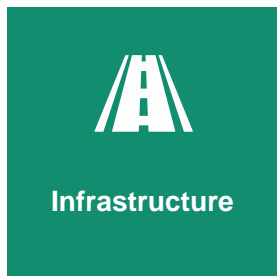
Work with public and private sector parties to develop financing solutions



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Where do we think we can Invest...with Impact?



€5.8bn Capital Committed to Ireland

€2.3bn ISIF Committed Capital at 30 April 2016



ISIF Crowding in Capital

ISIF €2.3bn has unlocked third party capital, total commitment of **€5.8bn** to Ireland



ISIF Transaction Update



€759m

committed in 2015¹

HIGHLAND
CAPITAL PARTNERS

€10m



€4m

QUADRANT
REAL ESTATE ADVISORS

€50m

LEEDS | Equity Partners

€2m

*Conditional on global fundraising completion



€50m



€11m



€45m
Funding Round

Activate Capital

Innovative funding with capital strength

€325m



\$30m
Funding Round



€150m



€155m

committed in 2016
with continued strong pipeline

CAUSEWAY
CAPITAL PARTNERS

€15m



€35m

Ardstone

€25m

bmsfinance

€15m

Venture Capital
Fund







€20m
*Not announced.



€45m

¹ The purpose of this slide is to provide an update on the ISIF's commitments. Please note that due to the time lag of commitments and drawdowns, the majority of the investments presented here do not contribute to the FY 2015 economic impact. As capital is invested the economic impact will be captured in future reports.

Snapshot of Underlying Investees FY 2015

  Complete Anatomy Lab    Innocoll    	          CLAVIS INSIGHT	    WhatClinic.com       	          	         Cyclone Wind Farms 	          
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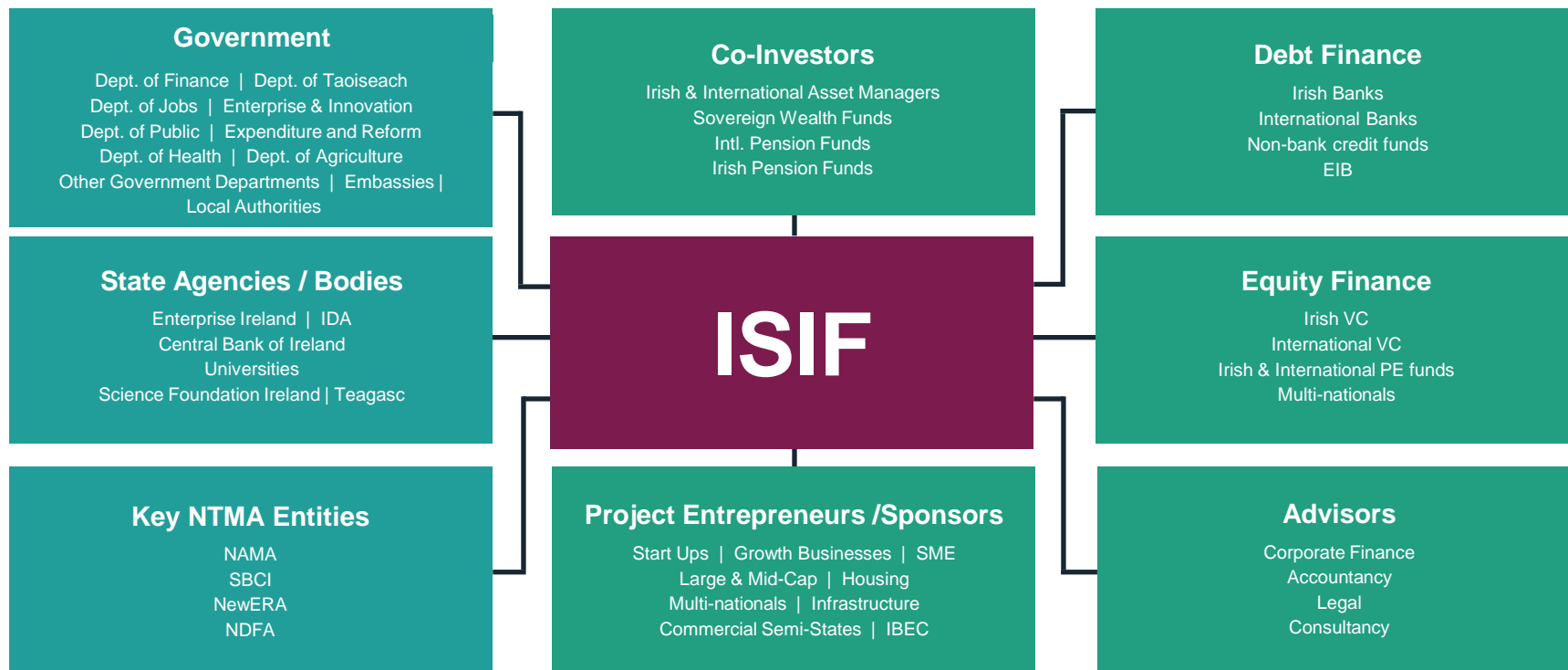
ISIF supporting
108 Irish-based
companies /
projects through
commercial
investments



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ISIF sits within an extensive and powerful investment network



Strong Future Pipeline of Investment Opportunities



350+

In excess of 350 engagements to date, with over 80 current engagements



53

The active pipeline consists of 53 opportunities across a diverse range of sectors



€10m - €100m

Typically opportunities range in size between €10 million and €100 million





Flexible, long term,
sovereign public
investment partner



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Flexible, Long-Term, Sovereign Investment Partner

- Investment proposals welcome
- No specific criteria, just commercial risk adjusted return and economic impact
- Early stage proposals, concepts and even ideas welcome - as we can be constructive in shaping the transaction
- Strong, supportive partner for corporate Ireland, public entities and international investment funds



ISIF and Cork

- Crucial for ISIF and stakeholders that our investments have impact on a national scale
- Pipeline is well spread geographically and a number of potential transactions are in the Cork region
- ISIF continues to have considerable engagement with stakeholders and project promoters in the Cork area
- To maximise the impact of ISIF investments in the region, ISIF encourages :
 - A co-ordinated approach from stakeholders and project promoters
 - Strategic alignment of regional initiatives and development plans
 - Awareness of the “double bottom line” ISIF mandate



ISIF Video



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Infrastructure & Energy

Sector	Energy Infrastructure	Enabling Infrastructure	Social Infrastructure	Connectivity - Virtual	Connectivity Physical
Sample Projects					
What ISIF brings...	<ul style="list-style-type: none"> • Wind, Biomass, Waste to Energy • Emerging Technologies • Heat / Energy Efficiency 	<ul style="list-style-type: none"> • Enabling Energy Infrastructure • Enabling Residential Development 	<ul style="list-style-type: none"> • Student Accommodation • Elderly Care • Primary Care Centres 	<ul style="list-style-type: none"> • Fibre Optic Cable Projects • Energy for Data Centres • Broadband 	<ul style="list-style-type: none"> • Ports • Airports
	<ul style="list-style-type: none"> • <i>Delivering the "marginal MW"</i> • <i>Flexibility</i> 	<ul style="list-style-type: none"> • <i>Flexible risk/return metrics</i> • <i>Long term investment horizon</i> 	<ul style="list-style-type: none"> • <i>Long Term, patient capital</i> • <i>Scale Up to match demographics</i> • <i>Accelerate investment</i> 	<ul style="list-style-type: none"> • <i>Flexible risk/return metrics</i> • <i>Innovative structures</i> • <i>Certainty of finance availability</i> 	<ul style="list-style-type: none"> • <i>Flexibility of funding solutions</i> • <i>Long term horizon</i>

ISIF Investment Details

- €54m commitment made in December 2015
- Long-term funding - maturity profile not currently available in the Irish banking market
- ISIF funding unlocks parallel funding of €76m from the EIB
- Flexible approach sees ISIF fund commercial activities and EIB finance academic facilities



DCU

- €230m Campus Development Plan being implemented over the next 2-3 years
- Merging DCU, St Patricks, Mater Dei and Church Of Ireland College of Education
- ISIF Commitment will assist the university deliver over 3,200 student accommodation units



ISIF - Infrastructure

Currently active in the Cork region... initial engagement with a range of bodies seeking out opportunities consistent with the ISIF mandate ...

- Port of Cork
- UCC
- Cork City Council
- Cork County Council
- Enabling Infrastructure to unlock residential development

... and other one-off projects



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Sectors of Interest – Private Equity



SME Sector

- SME central to economic growth
- Historical overreliance on bank debt
- DEBT - Focus on alternative credit products – unitranche or niche
- EQUITY – investment in funds or directly in businesses
- ISIF commitments of €422m to date



Real Estate

- Boom or bust cyclicality
- Deficit of development funding solutions currently
- Investments in residential, commercial and urban regeneration
 - via funds and directly
 - equity, mezz and unitranche
- ISIF commitments of €475m to date



Venture Capital

- Support leading edge high potential Irish companies in strategic sectors
- Assist in creating a vibrant and diverse funding landscape via local and international VC's
- Investments in 22 funds in software, hardware, medical device and pharma
- ISIF commitments of €423m to date

ISIF backed real estate funds to date

Activate Capital Innovative funding with capital strength

- €500m JV between ISIF and KKR
- Innovative non-bank financing platform that has the potential to provide funding for substantial numbers of new homes in major urban centres
- Activate has to date provided site and working capital finance for the delivery of over 800 homes

Ardstone Capital

- ISIF is a €25m equity investor in Ardstone's recently launched residential development fund (first close > €100m)
- Ardstone equity residential development fund has to date acquired sites to date with the potential to deliver up to 1,250 new homes



- ISIF is a cornerstone investor in the €300m fund managed by Irish investment team Cardinal Capital Group and WL Ross & Co.
- Ireland's first dedicated commercial real estate mezzanine fund
- Focus on multiple real estate sectors - providing both pure refinance and development capital



- Focus on multiple real estate sectors - provides both pure refinance and development capital – willing to take a degree of pre let risk
- Approximately \$6.4 billion of commercial real estate assets under management
- ISIF has committed €50m of office development finance alongside €50m from Quadrants wider institutional client base

Urban regeneration



- Partnership with **Kilkenny Co CI** to fund the building of commercial real estate on a demand led commercial basis
- Unique opportunity for seed investment in Kilkenny town centre urban regeneration project
- JV being established between Kilkenny Co CI and ISIF to assess and invest in buildings on case by case basis
- Commercial property development will have a significant impact locally / regionally and could trigger renewed confidence in the local employment market

Urban development opportunities

- Seeking to establish a fund with characteristics similar to the Kilkenny JV
- Long term strategic urban regeneration projects focus
- 15-30 year lifespan to provide seed capital, debt & equity for urban regeneration viable projects around Ireland
- Currently an initial investigation of c.15 projects or varying scale but typically > €15m



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Questions?



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ISIF – Cork Market Engagement Event

- ISIF is open for business and active on a pipeline of projects relevant to Cork
- ISIF is seeking further engagement on projects / opportunities that are
 - of scale, typically >€10m
 - consistent with national policies and regional plans
 - commercially sound and consistent with the double bottom line mandate
- Early engagement welcome



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Thank you