



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

Ciste Infheistíochta Straitéisí d'Éirinn
Ireland Strategic Investment Fund

Ireland Strategic Investment Fund

21 April 2016

The Convention Centre Dublin





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Conor O'Kelly

Chief Executive, NTMA



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Michael Noonan, TD

Minister for Finance



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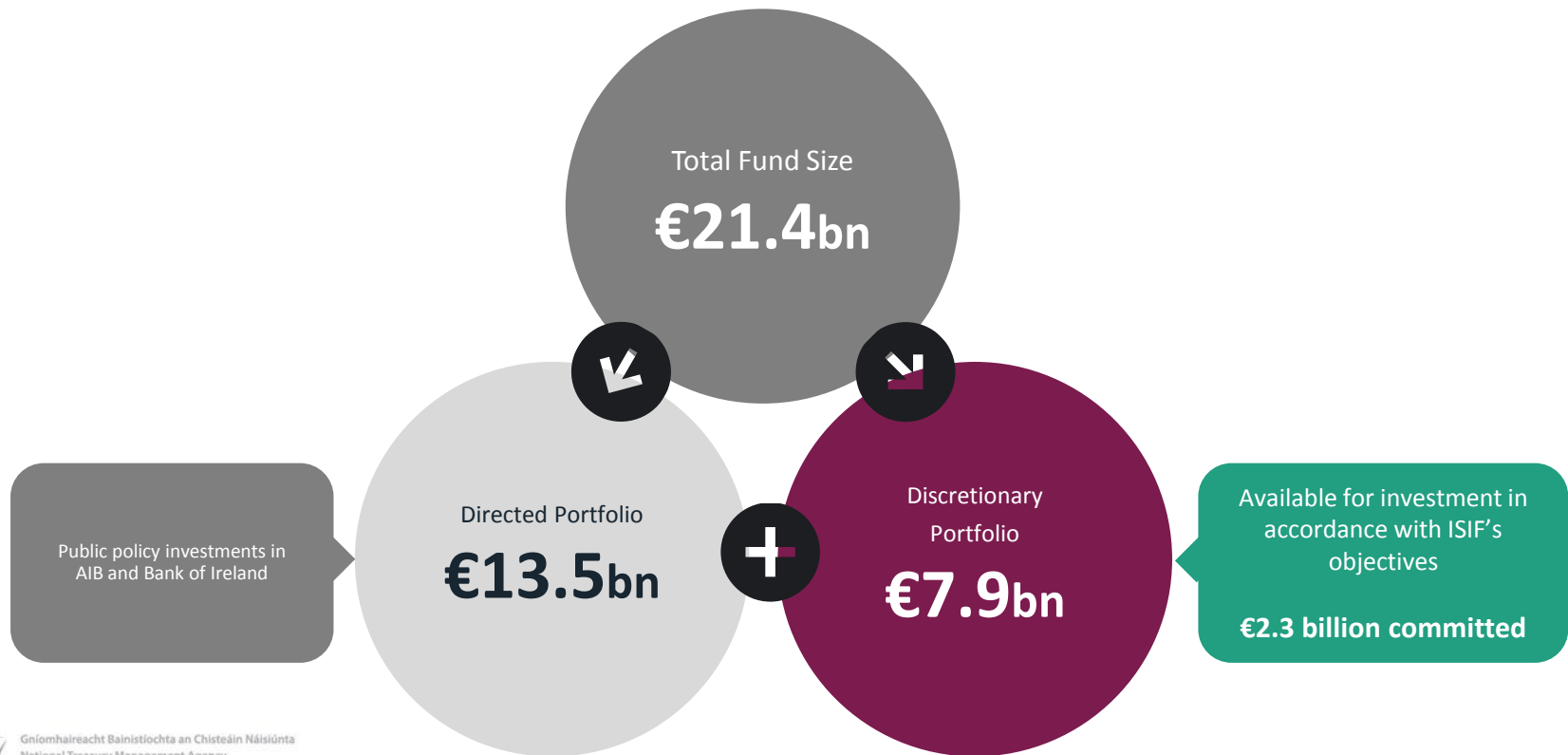
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Progress & Opportunities



Fund Size and Structure





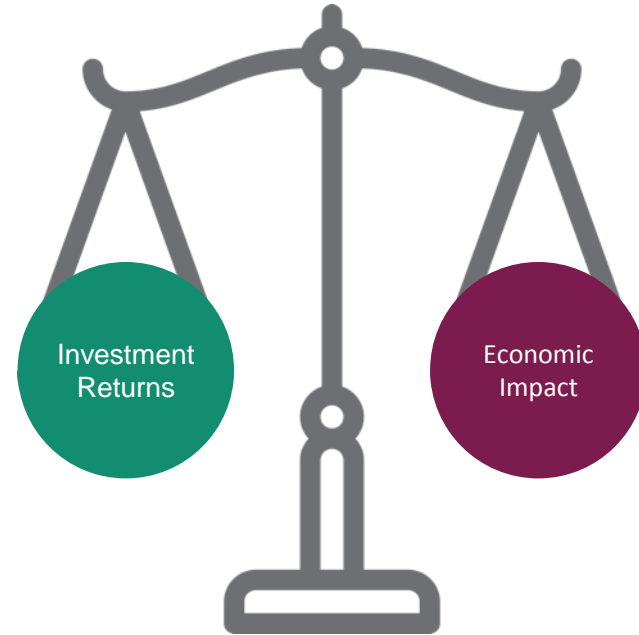
Invest on a commercial basis
to support economic activity
and employment in Ireland



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A Unique and Challenging Mandate



Commercial Investment

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



Economic Impact

Economic Impact Framework - Key Concepts



Additionality



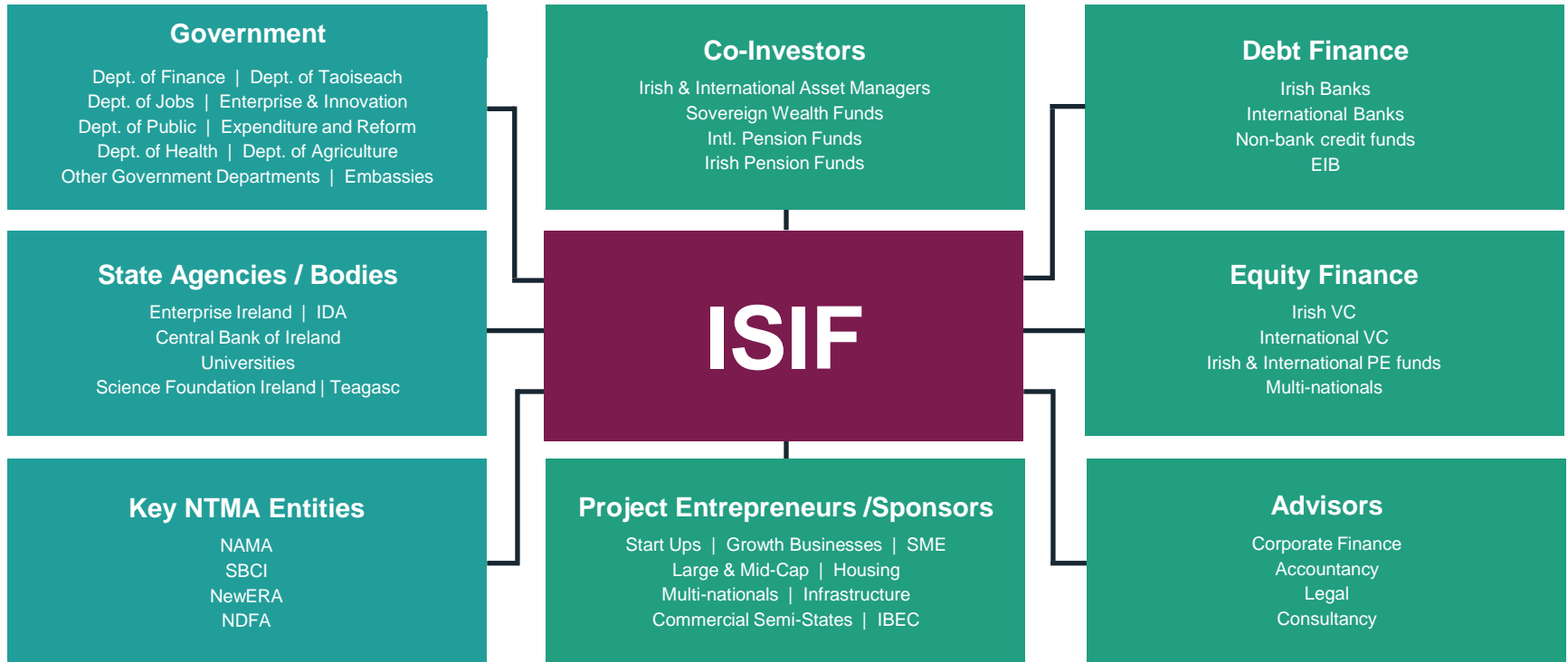
Deadweight













Displacement



ISIF sits at the centre of an extensive and powerful investment network

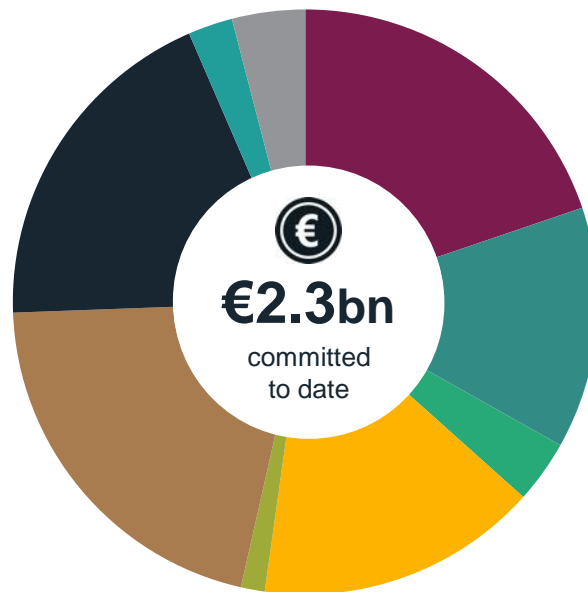


Where do we think we can Invest...with Impact?

ISIF Illustrative Allocation			
Bucket	Theme	€m	+/- range €m
	Water	700	+/- 100
	Infrastructure	850	+/- 150
	Energy	800	+/- 100
	SMEs	900	+/- 200
	Food & Agriculture	500	+/- 50
	Real Estate Based Businesses	1,000	+/- 200
	Venture	500	+/-50
	Direct Private Equity	400	+/-40
	Innovation / Big Idea	1,000	+/-200
	Other	750	+/-50

Total Fund Size	7,400	
2x multiple	14,800	

Commitments to Date - €2.3 billion



Transactions Completed

 MALIN €50m	 FRONTLINE VENTURES €11m	 AMCS Resource Technology €45m Funding Round	HIGHLAND CAPITAL PARTNERS €10m	 DCU €54m
 SWVC \$30m Funding Round	 UISCE EIREANN - IRISH WATER €150m	 Activate Capital Innovative funding with capital strength €325m	 QUADRANT REAL ESTATE ADVISORS €50m	LEEDS Equity Partners €92m *Conditional on global fundraising completion



€759m

committed
in 2015 with
continued strong
pipeline



+ €110m committed in 2016 YTD

Snapshot of Underlying Investees

 Complete Anatomy Lab  davra networks  rainmaker  t+  Innocoll  MAINSTREAM RENEWABLE POWER  Lily O'Briens  Fitzpatrick CASTLE HOTEL  MALIN	 abrakebabra  FieldAware  digit  Apsona Therapeutics  Betapond  neuravi  payzone  Movidius  gsls	 Luzern  ZAMANO  Malwarebytes  swrve  BOXEVER  MAINSTAY MEDICAL  ALTAN  Gaelectric  CAIRN  F	 GENABLE  HEYSTAKS  AMCSGROUP  FERFICS  SilverCloud  bb's coffee health  TOWERCOM  Centric Health  AirSpeed TELECOM	 CARROLL'S  excelsys  CleverCards  FIRE1  MICKS GARAGE.COM  UISCE  BOXFISH  brite:bill  Cyclone Wind Farms	 Profitero  GetBulb  HeartMetabolics  logentries  mobacar  Accuris NETWORKS  COVANTA ENERGY  CARLTON HOTEL & SPA  DIONA
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ISIF supporting Irish-based companies through commercial investments

Strong Future Pipeline of Investment Opportunities



350+

In excess of 350 engagements to date, with 83 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



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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



Observations (1)

- **Every transaction is different**
- **Investment not the same as spending ...**
 - Resources not depleted, economic impact benefits “free”
 - Economic impact can be repeated as assets are recycled
- **Additionality for ISIF derives from....**
 - Flexibility in capital structure & risk spectrum
 - Long term time horizons
 - Attractiveness of commercial sovereign fund as investment partner
 - More complex situations, less plain vanilla
- **Time lags are inherent**
 - Originating, negotiations and executing complex investments takes time
 - Private market transactions take time
 - Time lag between contract execution and drawdown



Observations (2)

- **Marketplace is constantly evolving ...**
 - “Plain vanilla” elements gradually normalising post-crisis
 - Finance gaps evident between prudent lenders and insufficient equity
 - Finance gaps often either at smaller end of market or in complex situations
 - Equity culture improving, especially in SME sector
- **ISIF has a strong and varied pipeline....**
 - Differentiated ISIF can deliver to economy’s investment needs
 - But ... need to maintain commercial discipline
 - Execute investments directly or through funds / platforms according to competencies and resources required
 - Total pipeline of €3.0 billion
- **Clear multi-year road towards full investment**





Next sessions today: Progress & Opportunities



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Looking Back

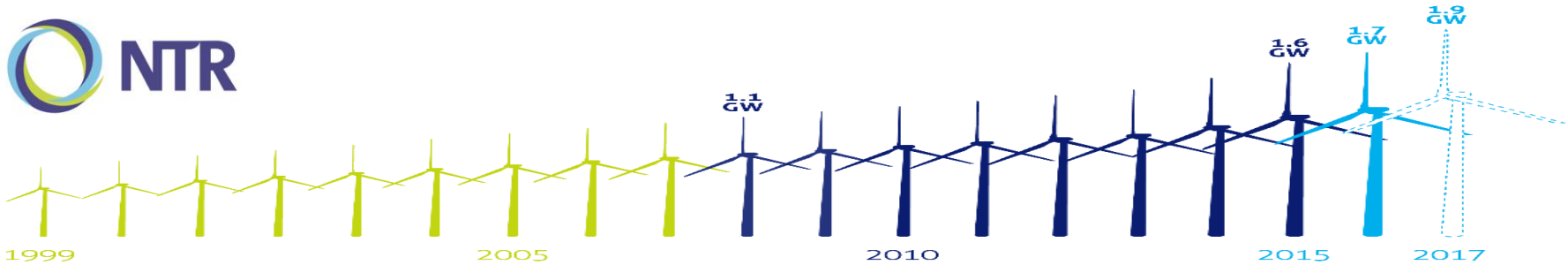
What have we done so far?



Rosheen McGuckian

Chief Executive Officer

NTR €250m Wind Fund – Rosheen McGuckian



- Onshore wind projects Ireland / UK – we buy, build and operate for lifetime
- Long-term yield proposition
- Closed February 2016: 6 acquisitions / €100m equity deployed

Crowding Blue Chips Into Ireland



“Irish
Sovereign”
Promoter



6 X Multiplier on ISIF €35m

Fund	€250m	→	€670m ⁺
Irish Mkt	€80m	→	€200m ⁺

Activate Capital

Innovative funding with capital strength

Robert Gallagher

Chief Executive Officer

Activate Capital – Robert Gallagher

Activate Capital

Innovative funding with capital strength

- **A specialist lender to the residential development sector**
 - €500M of capital available from ISIF and KKR
 - Financing site acquisition and working capital
 - Targeting Dublin, Cork, Galway and Limerick
 - Committed to responding with clarity, consistency and speed
- **How ISIF assisted**
 - Provided €325M of senior debt facilities
 - Committed for long term-8 years
 - Eligibility Criteria defined upfront
 - Monies repaid can be recycled in first 6 years
- **What differentiated ISIF Capital**
 - Deep knowledge of underlying development sector
 - Practical but challenging in negotiation



swve

Steve Collins

Founder / Chief Technology Officer

Swrve – Steve Collins

Real-time mobile marketing automation



9B

Events Daily

20%↑

increase of
app store rating

37%↑

CTR on hi-res
in-app messages

89%↑

engagement rate
on conversations

2X↑

open rate for
push notifications

1.8B

Installs

100K+

Events/sec



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LEEDS | Equity Partners

Chris Mairs

Principal

Leeds Equity Partners – Chris Mairs

Founded in 1993, a leading North American private equity firm focused exclusively on investing in the Knowledge Industries (education, training and information services)

- Compelling sector dynamics supported by underlying secular growth
 - Vast – \$3 trillion market
 - Diverse – Wide spectrum of subsectors and companies
 - Growing at 2x GDP
- Experienced professionals
 - 12 investment professionals; over 150 years of cumulative principal investing experience
 - 8 member Board of Advisors, including General Colin Powell, Tim Shriver and Hon. Richard Riley
- Domain expertise developed over 20 years of immersion
 - Better Access to opportunities – Advantaged Sourcing and Closing
 - Superior Ability to create value – Value Maximization
- Shared perspective on double bottom line





Ciaran McGivern

Finance Director

DCU – Ciaran McGivern

- About Dublin City University
- DCU Campus Development Plan
- The Capital Funding Challenge
- European Investment Bank
- Ireland Strategic Investment Fund
 - Approach
 - Structure of Loan Facilities
- Outcome for DCU





Seán Molloy

Director of Strategy

Glanbia – Seán Molloy



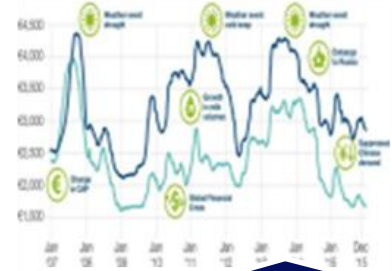
Ireland's #1 Dairy Company



Post Quota Investment
€235mn (2013-2015)



Long-term Major Market Opportunities



'Volatility' Industry Feature



€100 million
International First



FINANCE
IRELAND

Partnership



ISIF
Key Catalyst



Fund Tailored Specifically to Sectoral Requirement



CAUSEWAY
CAPITAL PARTNERS

David Raethorne

Partner

Causeway Capital – David Raethorne



- €60m first fund launched in early 2016
- Cornerstone commitments from ISIF and AIB
- Plan to establish a new European investment business
- Investment Strategy:
 - 8 to 10 investments in established Irish and UK SMEs
 - Investing equity of €2.5 to €10m plus third party debt
 - Funding growth capital, acquisitions, buy-outs, refinancing and liquidity
 - Backing ambitious management teams and owners to achieve growth
 - Focussing on resilient or differentiated businesses rather than specific sectors
- Contact: dave@causewaycapital.eu or matt@causewaycapital.eu

A green-outlined hexagon containing the text "Real People".

Real
People

A blue-outlined hexagon containing the text "Relationship Approach".

Relationship
Approach

A yellow-outlined hexagon containing the text "SME Focus".

SME
Focus



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Looking Forward

What's possible with ISIF?



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Kieran Bristow – Head of Investment Strategy

I. Economic Impact

Assessment

Measurement

Reporting

II. Portfolio Diversification

Long Term Balance

Illiquid v Liquid

Range of Sectors,
Risk and Return
Streams

III. Transition Portfolio

Manage capital until
deployed in Ireland

IV. Responsible Investment

Environment

Social

Governance





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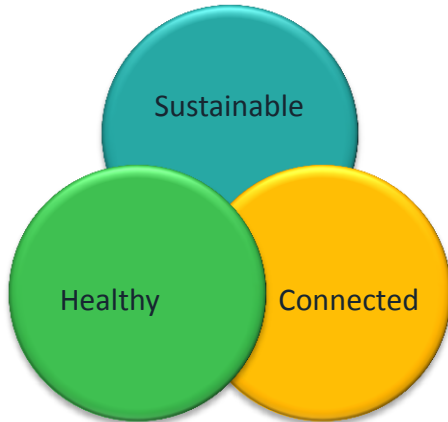
Paul Saunders – Head of Innovation & Special Investments



ISIF is looking to invest in high impact, ‘transformative’ opportunities

Ideas and opportunities that:

- Have strategic, significant scale and impact
 - Strong underlying drivers
- Leverage Ireland’s natural competitive advantages



• **3 broad interlocking themes** - driven by strong, long term ‘macro’ trends e.g. demographics, population growth, climate change, technology evolution etc.

• Range of opportunity areas aligned with these Themes -
De-carbonisation, Healthcare & Life Sciences

• Strong partners to help us deliver these opportunities



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Michael Lee – Head of Origination & Co-Investor Development

Key criteria for a good investment / partnership proposal:

Commercial Returns

Responsible Level of Risk – Capital Protection

Execution Capability of Investee Leadership

Economic / Strategic Benefit for Ireland

Co-Investor(s) partners provide:

Capital

Sector Expertise

Commercial Validation

Strategic Support & Connectivity





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Head of Food & Agricultural Investments

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Cathal Fitzgerald – Head of Food & Agricultural Investments



Food & Agri

- Aligned with Government policy
- Leveraging Ireland's strategic competitive advantages
- Build long term strategic relationships, Industry, Stakeholders, Financial
- Support the sector to achieve scale Internationally
 - Debt / Equity
 - Off Balance Sheet Funding Structures
 - Long Term Investment Horizon

Strong Pipeline of Opportunities



Milkflex
follow – on /
other
sectors

Forestry

Seafood
Investment
Platform

Agri-Tech
Fund

Food
Investment
Platform

Drinks
Sector



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Donal Murphy

Head of Infrastructure & Credit Investments

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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>



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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





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Questions?



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Thank you