



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

Ciste Infheistíochta Straitéisí d'Éirinn
Ireland Strategic Investment Fund

Ireland Strategic Investment Fund

26 October 2016

The Strand Hotel, Limerick



ISIF and Midwest Region

- Important for ISIF and stakeholders that investments have impact on a national scale
- Pipeline is well spread geographically, a number of potential transactions in the Midwest region
- ISIF encourages:
 - Awareness of the “double bottom line” ISIF mandate
 - Early engagement from stakeholders, project promoters and companies





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Eugene O'Callaghan

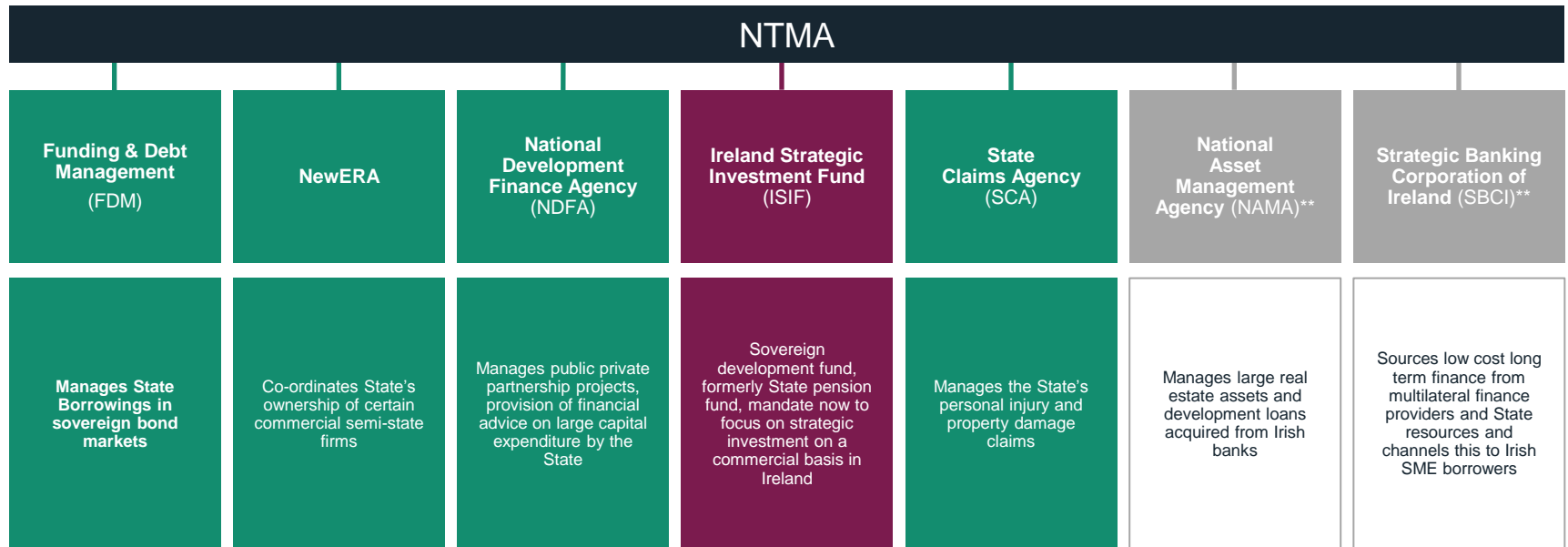
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National Treasury Management Agency (NTMA)

The NTMA provides a range of asset and liability management services to the Government of Ireland and is the controller and manager of the Ireland Strategic Investment Fund



Transition from NPRF to ISIF is Complete

Legislative process complete

- NTMA (Amendment) Act, 2014 commenced in December 2014



Governance process complete

- New NTMA Board appointed
- ISIF Investment Committee in place (Feb 2015)



Team of 35 in place



Investment Strategy for ISIF published

(July 2015)



€2.5 billion committed to date

- Water, infrastructure
- SME
- Venture, technology
- Real estate, housing



High quality pipeline developed

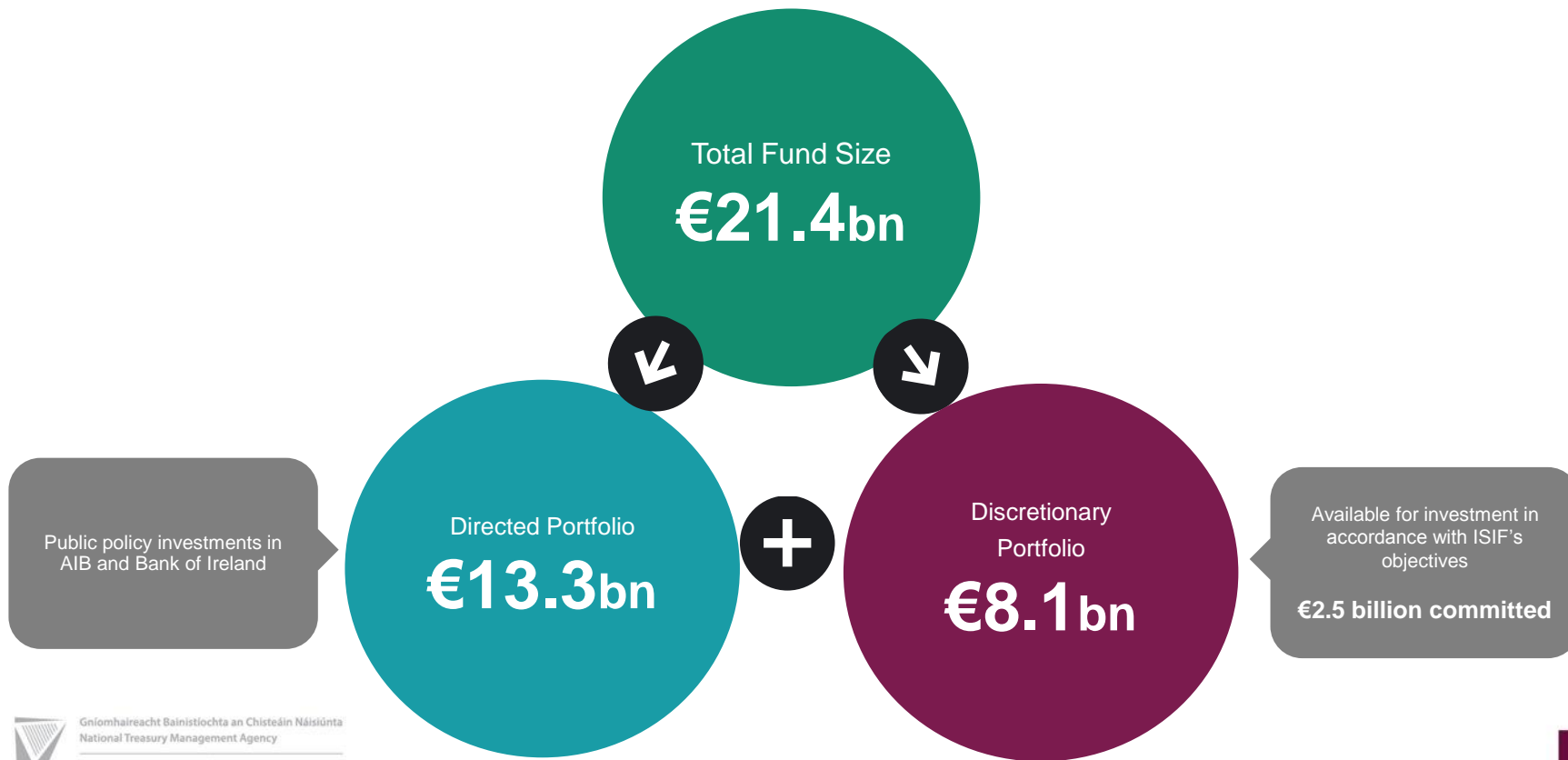
- Market Engagement Events
- Advisors/ Intermediaries/ Financial Institution
- 400+ opportunities considered
- 70 active transactions



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Fund Size and Structure





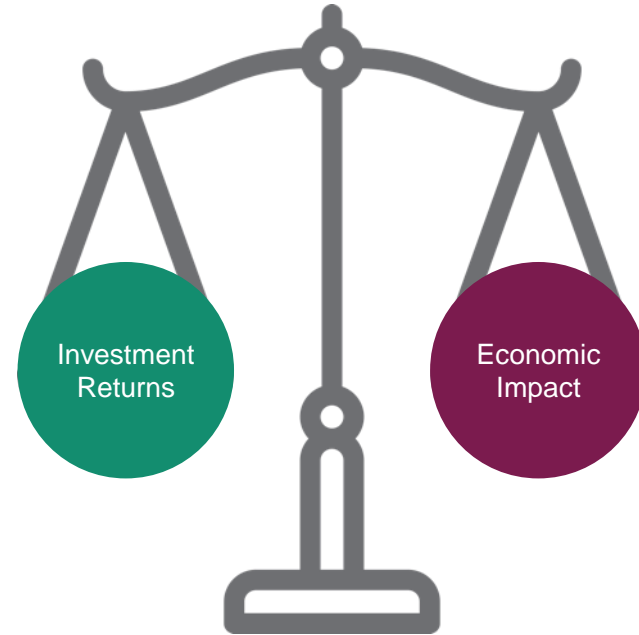
Invest on a commercial basis
to support economic activity
and employment in Ireland



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A Unique and Challenging Mandate



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

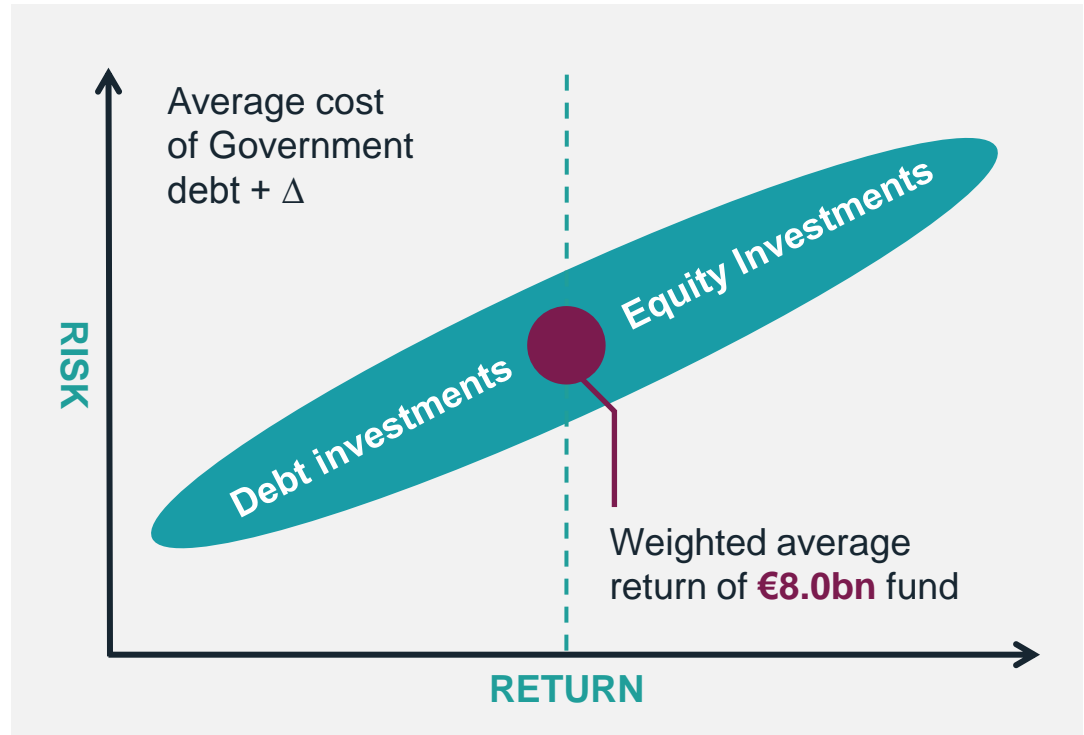
Benefits achieved at expense of other domestic players



Portfolio Construction: Target Return of 4%

Portfolio approach

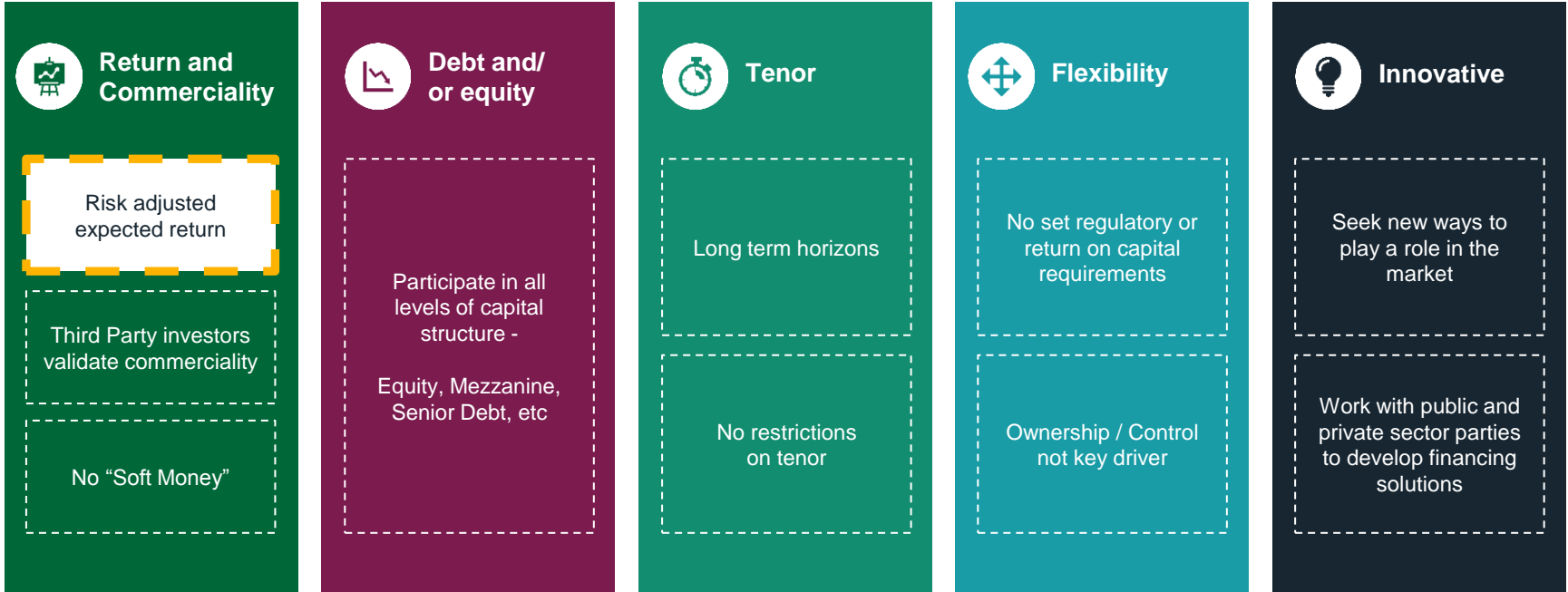
- combination of low risk & return investments **AND** higher risk & return investments



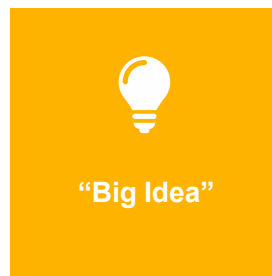
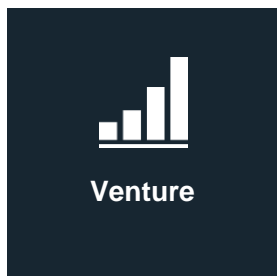
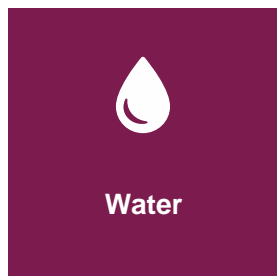
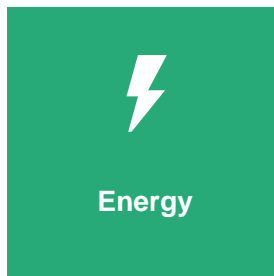
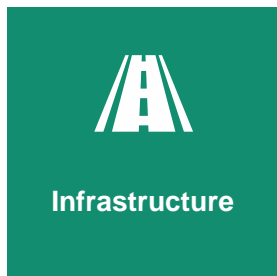
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Commercial Investment Objectives



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



€2.5bn Capital Committed to Ireland



ISIF Crowding in Capital

ISIF **€2.5bn** has unlocked third party capital, total commitment of **€6.4bn** to Ireland



ISIF Transaction Update



€759m
committed in 2015



€353m
committed in 2016 with continued strong pipeline

 €10m	 €54m	 €50m	 €92m <small>*Conditional on global fundraising completion</small>
 €50m	 €11m	 €45m Funding Round	 €325m <small>Innovative funding with capital strength</small>
 \$30m Funding Round		 €150m	

 \$50m	 €25m	 €35m	 €15m	 €15m
 €45m	 €19m	 €22m	 €35m	
<p>€100m</p> <p>of commitments to various transactions yet to be announced</p>				

Snapshot of Underlying Investees FY 2015

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



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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





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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>

Connectivity Fund



€35m

daa plc Bond Issuance

- ISIF committed €35m into €400m 12 year bond to help assure success of issue
- Ireland is one of the world's most open economies, making airport connectivity additionally important.
- Air travel is key to the Irish economy, and daa plc handles c. 91% of all air traffic.
- **New runway is estimated to cost c.€320m, the issuance of longer dated debt will underpin the delivery of this infrastructure.**



€22m




Aqua Comms

- **Aqua Comms is a new Irish based provider of data connectivity and bandwidth infrastructure services**
- ISIF's investment will enable the Company to execute its transition to an operational phase

Pipeline....

- Ports
- Airports
- **Other Data Connectivity Assets**

Renewable Energy

 <p>€35m</p>	<ul style="list-style-type: none"> ISIF committed €35m into €250m NTR Wind Fund in February 2016 NTR Wind Fund will look to buy, build and operate onshore wind projects in Ireland and UK To date 6 acquisitions completed with €100m equity deployed Long dated investment which matches the asset life
 <p>Irish Infrastructure Fund</p> <p>€250m</p>	<ul style="list-style-type: none"> The IIF is managed by Irish Life Investment Managers together with AMP Capital as the fund's specialist infrastructure investment manager The IIF is the only infrastructure fund focused entirely on Ireland The IIF has completed three investments to date – a portfolio of wind farms, a data towers business and the contract to operate the Convention Centre Dublin
 <p>€44m</p>	<ul style="list-style-type: none"> A PPP to develop a thermal waste treatment plant on the Poolbeg peninsula, Dublin. The project will improve Ireland's waste disposal performance from both efficiency and environmental aspects by reducing reliance on inefficient landfill. The project costs €537m, for which ISIF has committed a €44m senior debt facility – construction started Sep 2014, completion planned for Sep 2017
<p>€TBA</p>	<ul style="list-style-type: none"> Supporting the construction of a data centre that requires 100% renewable energy from new constructed renewable energy sources within Ireland.



- **Dublin City University (DCU) is a young and dynamic university ranked highly among leading global institutions.**
- **DCU is currently experiencing a period of rapid growth and expansion in student numbers**
- **DCU has commenced a €230m campus development plan on a phased basis over the next 2-3 years**
- **ISIF committed alongside EIB to provide a long term debt funding solution for Dublin City University in December 2015**

Commercial Return

- Long term demographics support the student accommodation market in Ireland
- Robust commercial case with long term stable cash flows providing acceptable risk/return
- Structurally attractive facility with a high degree of protection for ISIF

Economic Impact

- Potential to deliver 3,200 student accommodation units
- ISIF facility unlocks long term funding from the EIB. EIB is a natural funding partner for ISIF
- Supports DCU in delivering on its ambitions in research, teaching and learning.



Enabling Housing Infrastructure

- Commercial investment/finance from ISIF – seeking to unlock new residential housing supply
- Financing roads, water, sewerage, attenuation, parks, utilities, etc.
- Working with ...
 - Private sector partners: focus on sites of scale and strategic importance
 - Public sector / local authority partners: supporting regional development plans, alongside other initiatives including LIHAF



ISIF - Infrastructure

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

...including Shannon Group

...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

AMCS Group



- ISIF co-invested alongside Insight Venture Partners (NY) in a €45m Series C round, July 2015
- AMCS is a leading international supplier of smart resource ERP software and vehicle technology solutions for the waste, recycling and resource industry
- AMCS software manages in excess of €4billion revenue, 14,000 vehicles and 3,000+ sites on behalf of a blue chip customer base in Europe, North America and Australasia.

Commercial Return

- AMCS experiencing an exceptional growth trajectory as industry increases operational sophistication
- Strong co-investment partner with specific software expertise
- Strong potential for company to leverage resource and logistics software into complementary industry verticals

Economic Impact

- Growth in exports, employment and R&D investment in software from a regional Irish HQ
- Funding will be used to accelerate expansion of the business internationally
- Continue to cultivate world class technology development and commercialisation in high economic impact Irish software sector



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Technology Businesses

svb >

Silicon Valley Bank

\$50m

Recently committed second round of \$100m of new lending commitments to fast growing Irish technology and life science businesses over the next 5 years

HIGHLAND
CAPITAL PARTNERS

€10m

Commitment to a €330m technology growth equity fund with a focus on Ireland and Western Europe

FRONTLINE
VENTURES

€11m

€11m commitment to a €50m fund focused on opportunities in promising early stage Irish software companies

SUMMIT
BRIDGE
CAPITAL ATLANTIC BRIDGE

\$50m

\$50m commitment to a \$100m fund alongside CIC targeting cross border IC opportunities between Ireland and China



€45m
funding
round

Part of a €45m equity investment to fund growth of global leader in software solutions for the waste and recycling industry



\$30m
funding
round

Funding to support a rapidly growing software company founded in Dublin to continue the company's global expansion and market leading product innovation. Investment supports 45 additional jobs in Dublin



- Recently acquired by Intel for c.\$400m. Movidius had received funding through ISIF-backed funds including Summit Bridge.
- Movidius to be established as global centre of visual chip technology design within Intel, based in Leixlip.

Leeds

LEEDS | Equity Partners



- The education sector ultimately drives long term earning power and quality of life in a country
- Leeds is a leading global investor in the education and related information sectors with a history of strong investment returns
- ISIF committed \$100m as cornerstone investor in Leeds VI fund, gaining significant mindshare with Leeds senior management for benefit of Ireland

Commercial Return

- English speaking global education sector is consistently a \$3trillion p.a. business
- Education is undergoing a transformation due to new technologies – opportunity for better and more effective outcomes
- Commercial interest and Irish economic interest alignment – e.g. INTO portfolio business which serves international students in third level college selection

Economic Impact

- Leeds to open Dublin office – will serve as a focal point for engagement with key stakeholders in Irish education sector
- Focus on learning from international best practice in global education for benefit of Irish students, educators and institutions
- Clear path to delivery of economic impact targets of > 2x ISIF investment



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SMEs



Bluebay

- €200m commitment to a €450m **credit platform supporting** larger Irish SMEs and mid size corporates



BMS finance

- €15m commitment to a €30m non-bank platform providing **stretch senior debt** to SMEs



Causeway Capital

- New **equity** fund investing **up to €10m** in established Irish and UK SMEs with ambitious management teams and strong growth prospects



Carlyle Cardinal

- €125m equity commitment to a €292m **equity** fund that is targeted at **larger SMEs / smaller mid size corporates**

Opportunities

- Potential investment in **non bank lending platform** – SME commercial finance / leasing, agri finance, auto finance
- Potential SME **equity funding platform** with UK Business Growth Fund and Irish pillar banks – “permanent equity capital” platform to support Irish SME’s in a broad range of traditional business sectors, focused on the “equity gap”, equity investments between €2m and €8m
- **SBCI** is a significant new addition to the SME credit financing landscape

ISIF backed real estate funds to date



Activate Capital

- Innovative non-bank financing platform that has the potential to provide funding for substantial numbers (c.11000) of new homes in major urban centre's
- Funding already advanced for 1200 houses with the first of these coming to the market next month

Ardstone Capital

- Ardstone equity residential development fund has to date acquired sites to date with the potential to deliver up to 1,800 new homes which will be delivered over a 5-7 year time frame and is targeting a total delivery of c. 3000 units
- First sites underway in October

WLR Cardinal Mezzanine Fund

- Ireland's first dedicated commercial real estate mezzanine fund
- Focus on multiple real estate sectors - providing both pure refinance and development capital and has already advanced funding for 1700 new residential units

Quadrant

- Focus on multiple real estate sectors - provides both pure refinance and development capital – willing to take a degree of pre let risk

Housing Initiatives

- **Housing Fund**

- Currently exploring potential mechanisms to facilitate investment in social housing in a manner that does not impact the General Government Balance
- Examining feasibility of establishing a new funding vehicle in conjunction with the private sector that is capable of funding the delivery of mixed-tenure residential developments in a way that is both off balance sheet, and commercially viable
- Such Fund would source new housing units through a number of mechanisms, and then onward lease to local authorities and approved housing bodies for social housing, and rent private housing units in the open market
- Also examining potential to fund the delivery of affordable rental units in the context of the proposed pilot initiative by the Dept. of Housing, Planning, Community and Local Government

- **Affordable Housing Pilot Project**

- ISIF exploring a pilot project to potentially deliver 100+ affordable housing units in a Dublin Suburb
- Proposal would acquire the units and make available on a long term lease to an approved housing body for the purposes of affordable housing
- Pilot project can be used as “proof-of-concept” for the larger Housing Fund

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 of varying scale but typically > €15m

ISIF sits within an extensive and powerful investment network



Strong Future Pipeline of Investment Opportunities



400+

In excess of 400 engagements to date, with over 70 current engagements



70

The active pipeline consists of 70 opportunities across a diverse range of sectors



€10m - €100m

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



ISIF – Limerick & Midwest Market Engagement Event

- ISIF is open for business and active on a pipeline of projects relevant to this region
- 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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