



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta  
National Treasury Management Agency

Ciste Infheistíochta Straitéisí d'Éirinn  
Ireland Strategic Investment Fund

KKR

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## **Ireland Strategic Investment Fund announces €500m home-building finance joint venture with leading global investment firm KKR**

- ISIF and KKR Credit establish Activate Capital lending platform
- Move will provide urgently needed long-term capital to address housing supply shortage, with capacity to fund over 11,000 new homes
- ISIF's biggest single investment to date
- Construction will create an average of 1,900 new full-time jobs per annum
- Meets ISIF's "double bottom line" criteria of commercial return and economic impact

**28 July 2015** - The Ireland Strategic Investment Fund (ISIF), managed by the National Treasury Management Agency (NTMA), together with KKR Credit, have today announced the launch of a new €500 million joint venture, which transforms the funding options available to the Irish house building sector and will be capable of financing the construction of over 11,000 new homes in Ireland.

Activate Capital will focus exclusively on lending to Irish residential development projects. The lending platform will facilitate home-builders in engaging on medium/large scale housing schemes, delivering a material increase in housing supply.

Activate Capital will lend on a commercial basis to projects, providing home-building companies with cost effective loans for up to 90 per cent of the total financing requirement.

As a large and labour intensive sector, recovery in the construction industry will be critical to the realisation of further employment gains in Ireland. The establishment of Activate Capital is intended as a significant step towards unlocking credit for Irish house builders. Projects funded by the new joint venture are expected to create an average of 1,900 full-time jobs per annum in construction and ancillary services.

The ISIF will contribute €325 million towards the joint venture, making it the biggest single investment yet undertaken by the ISIF. KKR will provide the remaining €175 million.

Activate Capital will be managed by an independent executive team led by Robert Gallagher as Chief Executive Officer and chaired by Dan O'Connor. Mr Gallagher is currently a Director with KKR with responsibility for the firm's investing activities in Ireland. Mr O'Connor is former President and Chief Executive Officer of GE Consumer Finance – Europe and a former Executive Chairman of AIB Group plc.

Capnua Corporate Finance and Dan O'Connor developed the Activate Capital proposition and advised on the establishment of the platform.

**Minister Michael Noonan said:**

*“Today’s launch of the joint venture between the Ireland Strategic Investment Fund (ISIF) and KKR Credit is good news for jobs, growth, potential house purchasers, and the construction sector. Activate Capital will be an important source of funding for increasing the supply of medium to large housing developments. It will invest in the development and construction of housing, with €500 million of financing, which will assist in normalising the sector and addressing the housing shortfall.*”

*“The announcement is a win-win for the State from all perspectives: economically, we are increasing activity in the housing sector, which is vital for our economic competitiveness and long term growth prospects; financially, we are generating a commercial financial return for the Ireland Strategic Investment Fund, which can be continually recycled into new and additional projects; and socially, we are supporting employment in a sector that was worst hit during the crash and it is noteworthy that employment in the sector will be at all levels from early school leavers through to third level graduates.”*

**Minister Alan Kelly said:**

*“Demand for housing is significant and this fund will stimulate activity in the sector. Construction is still below what we might consider normal levels and with very significant housing pressures, this will give the sector an important boost and shows that it’s a safe place to invest.*”

*“Many builders and developers are reporting difficulties accessing finance for building projects so this investment is hugely significant.”*

**ISIF Head of Private Equity Fergal McAleavey said:**

*“There is a significant mismatch between the demand for quality new homes in Ireland and the supply that is currently available.*”

*“Our joint venture will help to address this by providing funding on a commercial basis to development projects that are capable of delivering over 11,000 new homes.*”

*“This will meet the ISIF’s ‘double bottom line’ criteria of achieving commercial returns while delivering a significant economic impact – in this case by providing crucial infrastructure that Ireland needs urgently.*”

*“With this joint venture, we are also establishing a major new non-bank lending platform which can continue to provide financing to the sector for many years to come. This will bring additional benefits to the Irish economy in the form of increased lending capacity and increased competition in the market for residential development lending.”*

**Johannes P. Huth, Head of KKR Europe, Africa and Middle East, said:**

*“This is about supporting the strong recovery underway in the Irish economy, by providing for the housing needs of Ireland’s growing population and expanding workforce.*”

*“The combination of our firm’s significant presence in Ireland and our ability to provide long-term capital, allows us to partner with the Ireland Strategic Investment Fund in supporting this innovative solution.”*

- ENDS MORE -

## Notes to editors

### About the ISIF

- The €7.6 billion ISIF was established in December 2014 with a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in the State. The fund has made investment commitments to date of €1.5 billion (including National Pensions Reserve Fund investments prior to December 2014 when the ISIF was established and NPRF assets transferred to it) and plans to deploy the remainder over the coming years as suitable investment opportunities are identified.

### About KKR

- KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation at the asset level. KKR invests its own capital alongside its partners' capital and brings opportunities to others through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. L.P. (NYSE:KKR), please visit KKR's website at [www.kkr.com](http://www.kkr.com).

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