

NATIONAL DEVELOPMENT FINANCE AGENCY



DELIVERING PPPs AND OTHER INFRASTRUCTURE



€1.3bn Capital Value

Delivery of primarily education and housing PPP and other infrastructure projects with an estimated capital value of €1.3bn.



Education

Ongoing delivery of two educational PPP projects – two large quad buildings on the Technological University (TU) Dublin campus in Grangegorman and 11 Higher Education facilities across nine counties. Completion of two school buildings and one Institute of Further Education across two counties.



Social Housing

Ongoing delivery of two social housing PPP projects - Social Housing PPP Bundle 1 (534 homes) reached Financial Close in March 2019 and first homes are due for completion in 2020. Social Housing PPP Bundle 2 (465 homes) reached Financial Close in November 2019 with first homes due for delivery in 2021.*

* Forecast completion dates may be subject to change due to COVID-19 impacts.



PROVIDING FINANCIAL ADVICE



€5.7bn Capital Value

Providing financial advice on PPP (procurement, construction and operations) and other infrastructure projects in different sectors including housing, climate action, transport and education with an estimated capital value of €5.7bn.



Housing

Providing advice across a range of housing initiatives, including mixed tenure local authority developments, social housing leasing and mortgage-to-rent schemes.



Climate Action

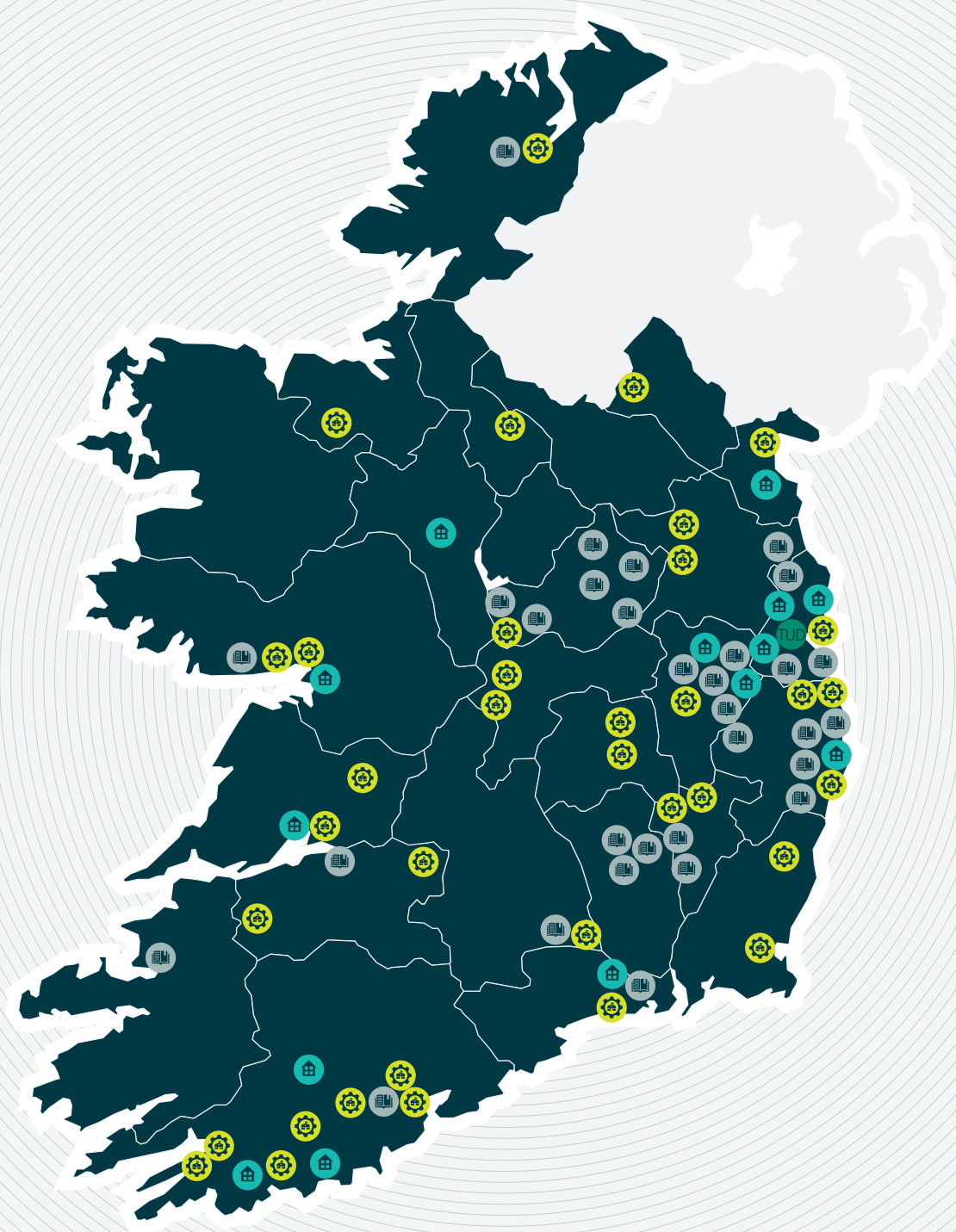
Providing financial advice across a range of climate action initiatives, including climate action grant funding, district heating and public lighting.



PPP Refinancings

Refinancing of existing PPP projects: three projects were refinanced in 2019 which cumulatively achieved savings of c. €24m for the State.

NATIONAL DEVELOPMENT FINANCE AGENCY (CONTINUED)



NDFA PROJECT LOCATIONS

Projects in procurement/ construction by the NDFA in 2019

Operational PPPs under contract management by NDFA or where support services provided in 2019

-  Schools & Higher Education facilities
-  TU Dublin at Grangegorman
-  Social Housing






-  Operational Facilities comprising 33 educational facilities across all four provinces, the National Maritime College of Ireland, the Cork School of Music and the Convention Centre Dublin

The NTMA is known as the National Development Finance Agency (NDFA) when providing financial advice to State authorities in respect of public investment projects which are referred to it, with a capital value over €75m. The NDFA also provides financial advice to State Authorities on some projects below this threshold. It also procures and delivers Public Private Partnership (PPP) projects when engaged by State authorities and directly procures Exchequer-funded (non-PPP) projects on behalf of the Department of Education and Skills.

DELIVERY OF PPP PROJECTS

The procurement and delivery of approved PPP projects was a key focus of the NDFA's activities in 2019.

PROGRESS ON PPP PROJECTS BEING PROCURED BY THE NDFA AT END-2019

Project	Description	Status
 <p>TU Dublin at Grangegorman PPP</p>	The development of two quad buildings at the new TU Dublin Campus in Grangegorman, providing 10,000 student places in applied arts, sciences and engineering.	Construction continued during 2019 and the buildings were due to be delivered for the new academic term 2020/2021 but this timing may be impacted by COVID-19.
 <p>Higher Education PPP Bundles 1 and 2</p>	Development of 11 higher education facilities primarily focused on STEM across nine counties.	Bundle 1 launched to the market in November 2019. It is expected to reach Financial Close in 2021. Bundle 2 is expected to come to the market in 2020.
 <p>Social Housing PPP Bundle 1*</p>	Development of 534 social homes in Dublin, Louth, Wicklow and Kildare.	The project reached Financial Close in March 2019. Construction is continuing with first homes due for completion during 2020.
 <p>Social Housing PPP Bundle 2*</p>	Development of 465 social homes in Roscommon, Cork, Waterford, Galway, Clare and Kildare.	The project reached Financial Close in November 2019. Construction is continuing with first homes due for completion during 2021.
 <p>Schools PPP Bundle 5</p>	Five schools and one Institute of Further Education providing 4,870 student places in Carlow, Meath, Wicklow and Wexford.	All schools are now operational. The final two schools and one Institute of Further Education were completed in 2019. The completion of the overall project was impacted by the liquidation of a member of the PPP Company (Carillion plc) in January 2018 which necessitated restructuring of the project by the remaining shareholder.

* Forecast completion dates may be subject to change due to COVID-19 impacts.

Business Review

NATIONAL DEVELOPMENT FINANCE AGENCY (CONTINUED)

SOCIAL HOUSING PPP PROGRAMME

It is expected that 1,500 homes will be delivered by the State through the Social Housing PPP Programme. The delivery is divided into three distinct project bundles with construction of homes nationwide.

Constructing and providing social housing using the PPP model is a first for the State, and the first two projects are well underway, with completed homes expected on a phased basis throughout 2020 and 2021.³

These projects are unique for a number of reasons:

First social housing PPP projects in Ireland: first time local authorities are collaborating to deliver social housing projects; first time EIB financing is being used in a Social Housing PPP; first time the Irish charity sector is involved in a PPP consortium.

Tenancy Management is a new feature in this PPP delivery model. Like traditional social housing the local authority is the landlord for these schemes and nominates the tenants to each unit; however under this model the PPP company then acts as landlord's agent to provide a comprehensive tenancy management service. The tenant's rights and obligations are no different to other local authority tenants and the PPP company provides the service through its specialist tenancy management provider, typically an approved housing body.

The design and construction quality of the homes delivered by this programme is of a high standard. All homes will achieve the **"nearly zero" building energy standard** featuring air-tight construction and demand led control ventilation for a comfortable living environment. **Lifetime Homes** considerations have also been incorporated where practicable to ensure that homes can be readily adapted to meet changing tenant needs over time.

The types of units being delivered by the programme include apartments, houses, senior citizen and assisted living homes. Another important feature of this model is that whilst the properties are privately funded, they remain in State ownership throughout.

The NDFA has worked in close collaboration with the Department of Housing, Planning & Local Government and multiple local authorities to bring the first two bundles to the market, with both contracts signed in 2019.

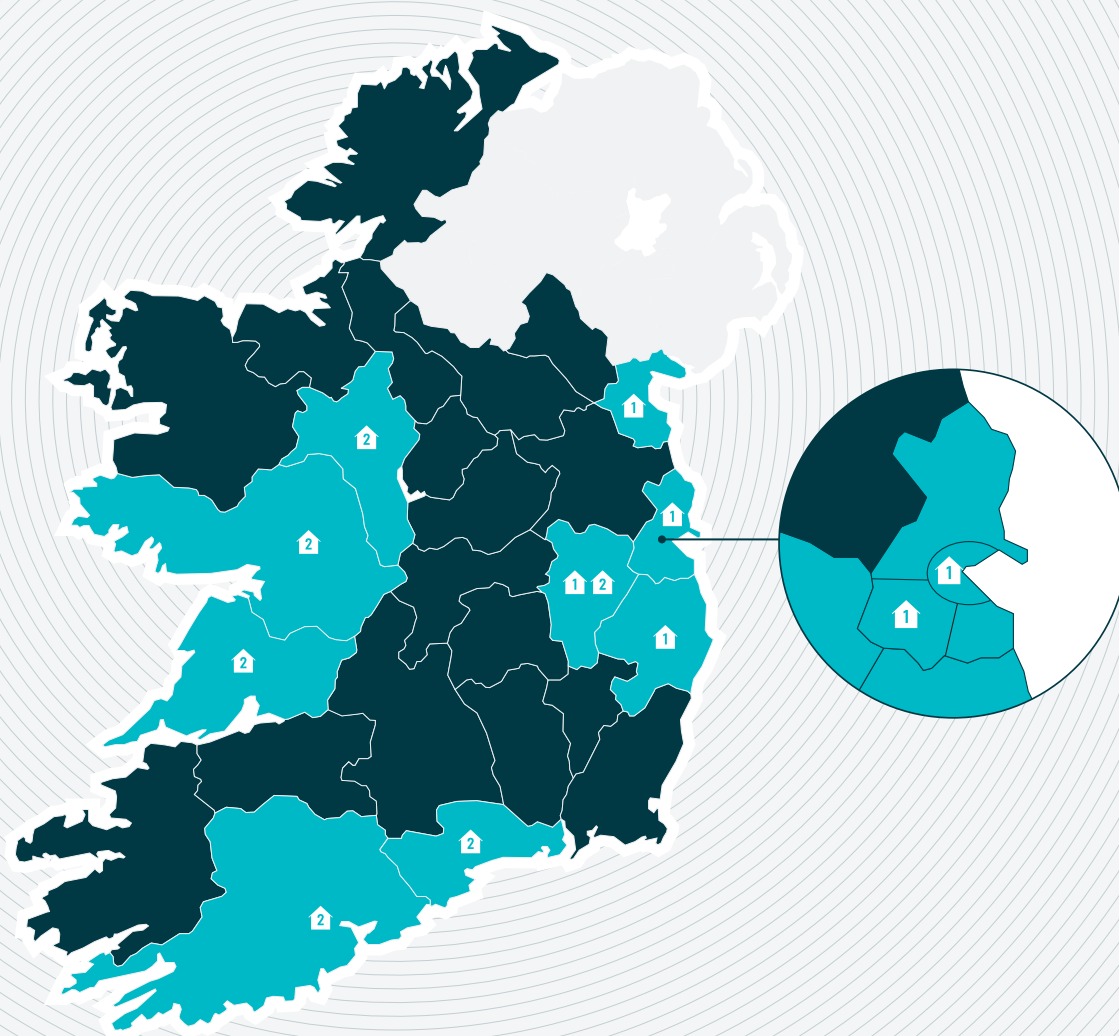
Social Housing PPP Bundle 1 (534 homes across four counties – houses are being built in Dublin, Wicklow, Kildare & Louth) reached Financial Close in March 2019.

Construction commenced thereafter and progressed during 2019. The first homes are due for completion in 2020 with all homes due to be completed by 2021.

Social Housing PPP Bundle 2 (465 homes located on eight sites in Cork, Galway, Waterford, Clare, Kildare and Roscommon) subsequently reached financial close in November 2019 and commenced construction on site thereafter. Construction is progressing well and it is expected that the sites will be delivered during 2021. Sites have now been selected by the Department of Housing, Planning & Local Government for Social Housing PPP Bundle 3 (c. 440 homes across six sites in Wicklow, Sligo, Kildare and Dublin) and the NDFA has commenced pre-procurement activities on the project.



³ Forecast completion dates may be subject to change due to COVID-19 impacts.



Social Housing PPP Bundle 1

Contract signed	March 2019
Expected delivery of Homes	2020 and 2021*
Number of homes in bundle	534
Local authorities	Dublin City Council South Dublin Co. Council Louth Co. Council Wicklow Co. Council Kildare Co. Council



Social Housing PPP Bundle 2

Contract signed	November 2019
Expected delivery of Homes	2021*
Number of homes in bundle	465
Local authorities	Roscommon Co. Council Cork Co. Council Galway Co. Council Clare Co. Council Kildare Co. Council Waterford City and Co. Council

PPP Co.

Building Contractor	Sisk	JJ Rhatigan/OHL
Operating Service Provider	Choice Housing	Derwent FM
Tenancy Management Co.	Oaklee	Tuath Housing Association
Equity Provider	Macquarie and Sisk	Equitix Ltd., Kajima Partnerships Ltd. OHL S.A., Tuath Housing Assoc.
Debt providers	EIB, BOI, Korean Development Bank	Nord LB

* Forecast completion dates may be subject to change due to COVID-19 impacts.

Business Review

NATIONAL DEVELOPMENT FINANCE AGENCY (CONTINUED)

TU DUBLIN CAMPUS AT GRANGEGORMAN

The development of two large academic buildings at the Technological University (TU) Dublin Campus at Grangegorman is the largest project under construction in the education sector in Ireland at present. A Public Private Partnership, the project delivers a number of key strategic objectives for the State. The project involves the upgrading of academic facilities for staff and students and the consolidation of over 15 academic schools onto the one campus for TU Dublin, along with social and urban regeneration in the north of inner city Dublin, creating an integrated city quarter.

TU Dublin was established on 1 January 2019 when DIT, IT Blanchardstown and IT Tallaght came together as Ireland's first technological university. The new quad buildings and wider development of the Grangegorman campus, which is served by the new Luas Cross city tram line, will bring activity to an area that was previously not easily accessible for the general public and those living in the surrounding area.

2019 saw construction progressing on both of the buildings, known as East Quad and Central Quad, to accommodate 10,000 students and 700 staff at the Grangegorman campus. The project was due to be delivered for the new academic term 2020/2021 but this timing may be impacted by COVID-19.

The Grangegorman campus site measures 28 hectares and was most recently the location of St. Brendan's Hospital, now closed, with patients moved to the new Phoenix Care Centre located nearby. The Central Quad is the bigger of the two new buildings at 36,000m², accommodating 7,000 students while the East Quad is 16,000m² accommodating 3,000 students. Both buildings were designed to provide modern and sustainable academic facilities and staff accommodation spaces using the latest construction methods. These new buildings have been designed to fit in with the overall master plan for the Grangegorman campus.

The East Quad Building will be the location of the College of Music and will feature a 400 seat performance hall where public recitals and performances will take place.

The NDFA continues to work in close collaboration with multiple stakeholders including the Department of Education and Skills, TU Dublin, the Grangegorman Development Agency and the PPP company to deliver this project.

DELIVERY OF NON-PPP PROCURED PROJECTS

The Department of Education and Skills has referred a second programme of 'design and build' schools projects (non-PPP) for procurement by the NDFA. Initially the second Devolved Schools Building Programme will comprise of approximately 20 individual school building projects in 3 bundles ranging from new builds to extensions/ refurbishment projects for works at both primary and post primary level. This follows the successful delivery of the first Devolved Schools Programme which provided 8,600 school places and was delivered on programme. NDFA is in the process of appointing design teams and project managers for the programme.

Separately, the NDFA continued to provide strategic project management advice to the Department of Education and Skills on other non-PPP procured schools projects.

PROVISION OF FINANCIAL ADVICE

The NDFA provides financial advice to State authorities in respect of public investment projects which are referred to it with a capital value over €75m. In December 2019, the Department of Public Expenditure and Reform published a revised Public Spending Code which took effect from 1 January 2020. It advises that the NDFA should be involved in significant capital projects (over €75m). The intent of these changes is to more closely align NDFA involvement in key infrastructure projects with the requirement for Government approval of such projects.

KEY PROJECT FACTS

TU Dublin Central & East Quads at Grangegorman

Contract Signed	March 2018
Expected delivery of Buildings	2020*
Number of students	10,000
Key Stakeholders	TU Dublin, Dept. Education and Skills, Grangegorman Development Agency

PPP Co.

Building Contractor	John Sisk & Sons (Holdings) Ltd. & FCC Construction (Ireland) DAC
Operating Service Provider	Sodexo Ireland Ltd.
Equity Provider	Macquarie Corporate Holdings Pty Limited
Debt Providers	EIB, MUFG, Sun Life Investment Managers and Talanx Asset Management

* Forecast completion dates may be subject to change due to COVID-19 impacts.

During 2019, the NDFA provided advice to stakeholders across a range of sectors including housing, climate action, transport and education. Notable examples include:

Housing: the NDFA advised a number of local authorities seeking to deliver mixed tenure developments on their lands. Altogether these projects will potentially account for c. 7,000 homes, subject to procurement and planning.

Climate Action: the NDFA advised the Department of Communications, Climate Action & Environment on the selection of suitable projects for its €500m Climate Action Fund. The NDFA also advised Dublin City Council in relation to its district heating and public lighting schemes.

Transport: the NDFA advised Transport Infrastructure Ireland in relation to its public transport schemes, such as Metrolink, which is at an early stage of development.

PPP refinancings: PPP contracts specify how refinancing gains are to be shared between the State/Authority and the private partner (PPP Co). The NDFA advised stakeholders (the Department of Education and Skills, Transport Infrastructure Ireland and the Office of Public Works) on the refinancing of the Schools PPP Bundle 3, the M11 Gorey to Enniscorthy PPP and the Convention Centre Dublin PPP schemes, which cumulatively achieved savings of c. €24m for the State.

PROGRESS ON PROJECTS WHERE THE NDFA ACTED AS FINANCIAL ADVISOR AT END-2019

Project	Description	Status
Housing	The NDFA is advising a number of local authorities seeking to develop mixed tenure housing on their lands. Altogether these projects will potentially account for c. 7,000 homes, subject to procurement and planning.	One of the largest and most advanced schemes (Kilcarbery Grange) is expected to reach contract close in 2020 (this timing may be impacted by COVID-19).
Climate Action Fund	The NDFA is advising the Department of Communications, Climate Action & Environment on the selection of suitable projects for its €500m Climate Action Fund.	NDFA assisted with validating the first round of grant funding proposals under the Fund.
Refinancings:		
Schools PPP Bundle 3	Design, construction and maintenance of eight schools at various locations in the country.	Three PPP refinancings took place in 2019 realising savings of c. €24m for the State.
M11 Gorey to Enniscorthy	Design, construction and maintenance of three new sections of road, including the M11, N30 and an N80 link.	
Convention Centre Dublin	Design, construction and maintenance of convention facilities in Dublin.	

CONTRACT MANAGEMENT SERVICES

The NDFA, at the request of the Department of Education and Skills, undertakes contract management of all operational PPP schools. At end-2019, the NDFA was managing the contracts for six schools projects covering 33 educational facilities (capital value c. €500m).

Working under a Service Level Agreement, this involves monitoring the relevant PPP companies in the performance of their obligations under the PPP contract, ensuring that the long-term value of these contracts is captured. Under a PPP contract if the facilities are not available to users and/or services are not provided to the required standard then deductions are made to the payments to the PPP Co (known as unitary or availability payments). All facilities generally had

satisfactory performance and availability during 2019 with deductions applied to the private sector as necessary under the terms of the PPP contract.

The NDFA also provides contract management support services for the Convention Centre, Dublin on behalf of the Office of Public Works and the Cork School of Music and the National Maritime College of Ireland on behalf of the Department of Education and Skills.