

# Property Fund

(Managed by State Street Global Advisors Ireland Limited)



## The Bank of Ireland Life Property Fund (the fund)

- ▶ Provides exposure to commercial and mixed use property, spread predominantly across office, retail and industrial sectors in Ireland, UK and mainland Europe
- ▶ Prime locations include:
  - ▷ Ireland: Dublin City Centre's prime office market and prime high streets of Grafton Street and Henry Street
  - ▷ UK: London City and West End office markets, Manchester, Liverpool and Glasgow
  - ▷ Europe: Paris and Amsterdam

The fund may also invest in indirect property assets, such as third party property funds and Real Estate Investment Trusts (REITs).

## Fund Facts

**Aim:** To generate long-term returns from a combination of rental income and capital growth through investment in a portfolio of prime commercial properties primarily located in Ireland, the UK and Europe

- ▶ **Style:** Actively managed
- ▶ **Asset Mix:** Commercial properties (held both directly and indirectly)
- ▶ **Managed By:** State Street Global Advisors Ireland Limited (SSGA)
- ▶ **Key Fund Risks:** Market risk, liquidity risk & single asset class risk
- ▶ **Risk Rating:** High Risk



The above risk categories have been determined by Bank of Ireland Life. Separately European Union (EU) law requires that a risk indicator be applied to the fund if certain products are held (excludes pensions), and it may differ from the Bank of Ireland Life risk category. The EU indicator is stated in the Fund Information Sheets and can be found on our website at <http://fundcentre.bankofireland.com/#KIDS>. Please see the Smart Funds or Target Saver brochure for further details.

## Key Stats (as at 31 March 2020)

<b>Fund Size (including cash)</b>	€1.2 billion
<b># of Properties Held Directly</b>	58
<b>Approximate Income Yield</b>	4.7%*
<b>Approximate Reversionary Yield</b>	4.9%***
<b>Vacancy Rate</b>	1.7%**
<b>Weighted Average Term to Break</b>	5 years <sup>††</sup>
<b>Currency Hedging (level of currency hedging on non-Euro investments)</b>	100%

Source: SSGA, 31 March 2020

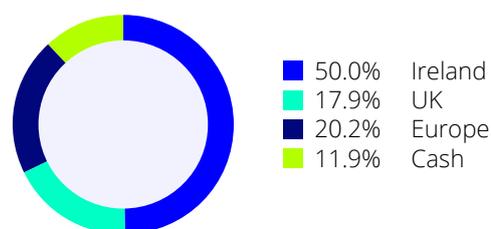
\* This is an estimate and is calculated on the basis of contracted rent divided by capital value of direct property holdings, and does not take into account any of the costs associated with the fund or property acquisition costs.

\*\* This is an estimate and is based on the estimated rental value of vacant space expressed as a percentage of the estimated rental value of the portfolio.

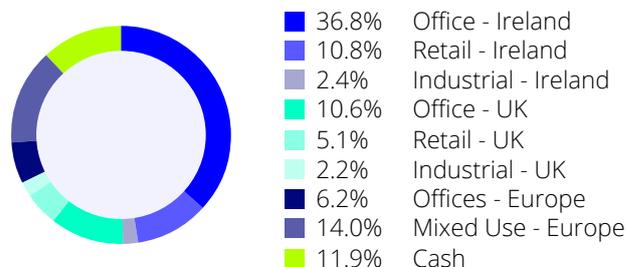
\*\*\*The reversionary yield is calculated by dividing the estimated rental value of the direct property holding by the capital value of the portfolio grossed up by acquisition costs.

<sup>††</sup> An approximate figure. As at 31 March 2020.

## Breakdown by Country<sup>†</sup> (including cash)



## Breakdown by Sector<sup>†</sup> (including cash)



<sup>†</sup>Source: SSGA, as at 31 March 2020. Rounding may occur.

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## Property Fund – Protecting Existing Investors

Bank of Ireland Life has made two decisions recently that aim to protect the interests of existing investors. Both decisions are intended to be temporary in nature and will remain under review.

### 1. Decision to change the pricing basis of the fund

- ▶ Funds like the property fund are based on one of two bases – Acquisition or Disposal. Acquisition basis typically applies when the fund is expanding and purchasing assets. Disposal basis typically applies when the cash flow of the fund is negative (cash outflows are greater than cash inflows).
- ▶ On Friday 6th March 2020, based on cash flows out of the fund, Bank of Ireland Life took the decision to change the pricing basis of the Property Fund to a disposal basis.

#### What does this mean for investors?

- ▶ The change in pricing basis to disposal saw a reduction in the unit price of the fund of:
  - 7.9% (for those property funds where tax is deducted on a rolling 8 year basis) and
  - 6.5% (for those funds taxed under the old net regime where tax is deducted on a daily basis).
- ▶ This pricing basis change impacted all encashments, switches and investment or top up requests received by Bank of Ireland Life on or after Friday 6th March 2020.

#### How long will the disposal basis remain in place?

- ▶ There is no set timeframe for the change in pricing basis.
- ▶ Bank of Ireland Life continues to assess the pricing basis of the fund on a daily basis and will make the decision to change it when it is believed it is reasonable to do so for all investors.

#### Is this change because of recent stock market falls?

- ▶ No, this change arises due to the trend in outflows from the fund. It does not reflect a change in the value of the properties in the fund.
- ▶ The change is also consistent with market practice and with the approach recently adopted by a number of Bank of Ireland Life's competitors in the market place for their property funds.

### 2. Decision to defer acting on instructions to invest in or out of the Property Funds

- ▶ From **Friday, 20 March 2020**, Bank of Ireland Life has decided to defer acting on instructions to invest in or out of its **Property Fund** and **Pension Property Fund** until further notice (for a maximum period of 6 months).

#### Why has this decision been made?

- ▶ This action is being taken because Bank of Ireland Life is unable to get reliable valuations for its properties in light of the exceptional market conditions we now find ourselves in.
- ▶ Bank of Ireland Life has been notified by professional valuers who value the properties that, due to the Covid-19 virus and prevailing market conditions, they will be including wording in their reports regarding their uncertainty in relation to property valuations with immediate effect.
- ▶ Bank of Ireland Life believes this course of action is in the best interests of investors as a whole and the decision to defer investment in and out of the funds has not been taken lightly.

#### How long will this last for?

- ▶ While Bank of Ireland Life hopes to be in a position to permit trading again shortly, at this time it is not possible to confirm how long the deferral period will last for.
- ▶ However it will end when reliable property valuations are again available and will be **for a maximum period of 6 months**.

#### Can customers with units in the Property Fund or Pension Property Fund sell their existing units or buy more units during the suspension period?

- ▶ No. Those directly invested before the deferral period started cannot exit or acquire more units during the deferral period and will have to remain invested until trading restrictions are lifted.

#### Are there any exceptions that apply?

- ▶ The deferral period will not apply to:
  - Death claims;
  - Retirements (if aged over 60 or within 1 year of Normal Retirement Age); and
  - Customers who hold pre-established regular income from investment policies and Approved Retirement Funds

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## Conclusion

The two decisions referred to above mean that Bank of Ireland Life has written down the value of the fund and instead of allowing customers to exit on a daily basis, they will have to wait six months to receive their funds should they wish to withdraw.

It is important to understand that these decisions have been taken with existing investors' interests at heart and to protect their investment.

As we know, property investing delivers the best results when we choose a portfolio of well-diversified assets, selected and overseen by a top quality fund manager and held for five to seven years or more. There is no doubt that the current Covid-19 crisis will have some impact on property markets but if we follow this tried and tested approach, long term investors have the opportunity to achieve their goals.

## Recent Purchases – 31 December 2020

During the course of Q1 2020 no assets were acquired or sold.



### Silverstone House, Ballymoss Road, Sandyford, Dublin 18



- ▶ Modern 4 storey over basement office building built c.2001
- ▶ Located within the Sandyford Business District, the building is approx. 150m from the Stillorgan LUAS stop (Green line) which provides access to Dublin City Centre within approx. 20 minutes.
- ▶ Office units are multi-let to strong tenant base including the HSE, Sherry Fitzgerald and Truata.



### 22 Clarence Street, Kingston-Upon-Thames, UK



- ▶ A prime retail unit in Kingston Upon Thames
- ▶ Clarence Street is one of the UK's leading retail and commercial centres located 10 miles south west of Central London
- ▶ Approximately 5,000 sq.ft property
- ▶ Let in entirety to ITSU Ltd, a British chain of Asian inspired fast food restaurants which opened in 1997 and now have over 70 company owned stores
- ▶ 10 year lease from March 2012



### 7 Peter Van Anrooystraat, South Axis, Amsterdam



- ▶ Approximately 3,945 sq.m (42,000 sq.ft) office building which is located in the South Axis of Amsterdam
- ▶ Building was completely refurbished in 2016
- ▶ It is let in its entirety to IPG Mediabrands, part of the Interpublic Group of Companies (IPG)
- ▶ The passing rent equates to c €265 per square meter while building in the immediate area are now achieving rents of €325 to €375 per square meter



### Ground & First Floor Offices Suits at 52-55 Sir John Rogerson's Quay, Dublin 2



- ▶ Two self-contained office units at 52-55 Sir John Rogerson's Quay
- ▶ Office space is laid out over ground and first floors, with ancillary storage and designated car parking spaces located at basement level
- ▶ Property forms part of a wider mixed-use scheme
- ▶ Office units are let to Ancestry and Daqri

## Property Details (31 March 2020)

During the course of Q1 2020 no assets were acquired or sold.



### Ireland

Property	Sample Tenants*	Sector
<b>Dublin</b>		
7/8 Wilton Terrace, Dublin 2	The Canadian Embassy, Markel International Insurance, Philip Lee Solicitors, Beechwood Partners	Office
Unit 33 Sandyford Office Park, Sandyford, Dublin 18	AIB Leasing Limited	Office
Unit F & G, Furry Park Business Park, Santry, Dublin 9	Schenker Ireland Ltd	Industrial
Unit J South City Business Park, Tallaght, Dublin 24	Dulux Paints Ireland Ltd	Industrial
Block W Eastpoint Business Park, Dublin 3	British Airways, Microchip Technology Ireland Ltd and Peninsula Business Services (Ireland) Ltd	Industrial
Unit E3 North City Business Park, Finglas, Dublin 11	Cummins Ltd	Industrial
Block C & D, Citywest Business Campus, Citywest, Dublin	Glanbia Food Society Ltd & Apsen Pharma	Office
Blocks 3 and 4, Leopardstown Office Park, Sandyford, Dublin	AMT Sybex Software, Fitzwilliam Real Estate and Adidas (Ireland) Ltd.	Office
College Park House, Nassau Street / South Frederick Street, Dublin 2	Eason and Ticketmaster	Office & Retail
Frederick House, South Fredrick Street, Dublin 2	OPW and Royal College of Physicians	Office & Retail
5 Georges Dock, IFSC, Dublin 1	BNP Paribas	Office
6 Georges Dock, IFSC, Dublin 1	Airbus Helicopter International	Office
6 GPO Buildings, Henry Street, Dublin 2	Hickey's Pharmacy	Retail
10 - 12 Trinity Street, Dublin 2	Cotswold Outdoors; Tracey Solicitors	Mixed Use
42 Grafton Street, Dublin 2	Ted Baker	Retail
82 Grafton Street, Dublin 2	Space NK Limited	Retail
84 Grafton Street, Dublin 2	Pamela Scott	Retail
Ground & First Floor Offices Suits at 52-55 Sir John Rogerson's Quay, Dublin 2	Ancestry; Daqri	Office
22/23 Henry Street, Dublin 1	Pull & Bear (Ireland) Limited	Retail
30 Henry Street, Dublin 1	Fields Jewellers	Retail
Lucan Retail Park, Lucan, Co Dublin	Woodies DIY	Retail
43/44 Mary Street, Dublin 1	JD Sports Plc	Retail
Montague Court, Montague Lane, Dublin 2	Department of Justice	Office
Ormond House, 28/31 Ormond Quay, Dublin 7	DBFL Consulting Engineers Ltd.	Office
Units 1/4 Sandyford Business Centre, Sandyford	Towers Watson and Invesco	Office
5/9 South Frederick Street, Dublin 2	Governor & Co. of Bank of Ireland	Office
24 St. Stephen's Green, Dublin 2	Currently vacant	Office
Units 180 & 190/195 Airside Business Park, Swords, Co Dublin	Health Service Executive	Office
Units 3052, 3054, 3056, 2004 Citywest Business Campus, Dublin 24	Colgate Palmolive	Office
Palmerston House, Fenian Street, Dublin 2 (50% held by fund)	BT Communications	Office
St. Stephens Green House, Earlsfort Terrace, Dublin 2 (66.6% held by fund)	OPW and Aramark	Office
Silverstone House, Ballymoss Road, Sandyford, Dublin 18	HSE, Sherry Fitzgerald and Truata	Mixed
The Anchorage, Sir Rogerson's Quay, Dublin 2	Bloomberg	Office
<b>Rest of Ireland</b>		
12-14 Opera Lane, Cork	River Ireland, Topshop	Retail
Abbey Court House, Cork	Office of Public Works	Office

\*Where more than one tenant, examples shown. Please note that the tenant names shown may in some instances represent the tenants trading name, as distinct from the corporate entity leasing the property in question. Buildings within the portfolio may contain vacancies from time to time which are not shown in this document.

## Property Details (31 March 2020) (cont'd)



### United Kingdom

Property	Sample Tenants*	Sector
<b>London</b>		
22 Clarence Street, Kingston Upon Thames	ITSU Ltd	Retail
24 Clarence Street, Kingston Upon Thames	Hema	Retail
1 Great St. Helen's, London EC3	Hiscox Plc	Office
15 Grosvenor Street, London W1	Capital and Counties Property	Office
<b>Manchester</b>		
58 Mosley Street, Manchester	Slater & Gordon Solicitors	Office & Retail
<b>Cheltenham</b>		
180 High Street, Cheltenham	Santander UK Plc	Retail
153/155 High Street & 3 Winchcombe Street, Cheltenham	Cheltenham and Gloucester	Retail
<b>Northampton</b>		
Barclays Bank Unit, Gowerton Road, Brackmills, Northampton	Recall Limited	Industrial
Unit 2, Northampton Distribution Centre, Ravens Way, Northampton	Smurfit Kappa UK Limited	Industrial
<b>Other</b>		
Site B Eurobuns, Chippenham Drive, Maidstone Road, Milton Keynes, MK10 0BD	Eurobuns Holdings Ltd	Industrial
121 High Street, Guildford	White Stuff and Hotter Shoes	Retail
133/135 High Street, Guildford	Massimo Dutti	Retail
New Mersey Retail Park, Speke, Liverpool (12.5% held by fund)	Next, Boots, Smyths Toys, Marks & Spencers	Retail
<b>Scotland</b>		
139 St. Vincent Street, Glasgow	The Royal Bank of Scotland PLC	Office



### Europe

Property	Sample Tenants*	Sector
<b>Paris</b>		
Les Borromées, 20 Avenue du Stade de France, Saint Denis, Paris	L'Etablissement Francais Du Sang	Office
Le Jupiter, 1 Noisy le Grand, Marne la Vallée, Paris	Compagnie IBM SAS France	Office
45 Rue Boissiere, Paris	Leader Trust International, IBP Atcosa	Office
1 Rue Saint Georges, 34-36 rue de Provence, Paris	TNS, IpsosSenso, BNP Paribas	Mixed Use
<b>Amsterdam</b>		
Byzantium, Amsterdam	Bloomberg, Asics	Mixed Use
105 - 107 Herengracht, Amsterdam	Ownership Capital and Off The Fence	Office
7 Peter Van Anrooystraat, South Axis, Amsterdam	IPG Mediabrands	Office
Sarphati Plaza, Amsterdam	Movares Netherlands BV, Future Whizz. Young Capital	Mixed Use

\*Where more than one tenant, examples shown. Please note that the tenant names shown may in some instances represent the tenants trading name, as distinct from the corporate entity leasing the property in question. Buildings within the portfolio may contain vacancies from time to time which are not shown in this document.

## Why Invest in Commercial Property?

Commercial property can:

- ▶ Provide a steady, reliable income flow from rent
- ▶ Bring diversification benefits to a wider investment portfolio
- ▶ Act as a hedge against inflation

## An Experienced Investment Team

The Bank of Ireland Life Property Fund offers investors the resources of SSGA's experienced property team to overcome the difficulties of direct investment in commercial/mixed use property, by providing the resources and skills to source and assess suitable investment property.

The fund also offers investors the advantage of pooling their monies with other investors to invest in prime properties, that as an individual, they are unlikely to be in a position to afford.

## Fund Manager **STATE STREET GLOBAL ADVISORS**

The Bank of Ireland Life Property Fund is managed by State Street Global Advisors Ireland Ltd. SSGA Ireland has been providing real estate asset management services to institutional investors since 1981, and currently manages circa €1.65 billion in direct and indirect property assets in Ireland, the UK, continental Europe and the United States.

SSGA Ireland's real estate team is based in Dublin and manages a portfolio of more than 90 buildings with in excess of 300 tenants.

(Source: SSGA January 2020)

## Important Information

Investors should be aware of the special characteristics of the Property Fund:

- ▶ The company reserves the right to delay encashments or switches out of the fund for up to 6 months if exceptional circumstances arise and the company believes it is in the best interests of investors to do so (e.g. large numbers of investors seek to encash or switch out of the fund at the same time)
- ▶ If the company has to sell properties to meet significant cash outflows, unit prices may be marked down to reflect the costs of disposal
- ▶ The fund may borrow from time to time. This may happen to take up an investment opportunity or for withdrawals.
- ▶ It is important to understand that any borrowings within the fund will be small in terms of the overall fund size. Any
- ▶ REIT holdings within the fund may also engage in borrowing. Borrowing involves an increased degree of financial risk and may increase the exposure of the fund to factors such as downturns in the economy, or deterioration in the conditions of the assets underlying its investments.

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## Minimum Recommended Investment Period

Investing should always be considered over the medium to long-term (at least 7 years) so as to give the underlying assets time to grow in value. However, even long-term investing involves risk as values will fluctuate over time.

## Risk Rating – High Risk



Bank of Ireland Life has rated the Property Fund a high risk investment fund. Funds categorised as high risk have the following characteristics:

- ▶ The potential return from high risk investments is much higher than deposits or inflation
- ▶ The focus is on maximising the potential return to investors, rather than minimising risks
- ▶ Some high risk funds may consist almost entirely of one asset class or be concentrated in one geographic region or sector
- ▶ Investors' capital is not secure and may fluctuate significantly. Investors may get back substantially less than they originally invested.

## Key Fund Risks

Market risk (value can fluctuate in line with market movements), liquidity risk (risk that properties cannot be sold and encashment delayed) and single asset class risk (exposure to just one asset type), are risks that arise from investing in this fund that investors should be aware of. For more information, please ask your advisor about our "Investing & Risk" document.

## Product Availability

The Property Fund is available to investors through the following Bank of Ireland Life products:

- ▶ Smart Funds
- ▶ Target Saver
- ▶ Personal Pensions
- ▶ Executive Pensions
- ▶ Personal Retirement Bond
- ▶ Approved Retirement Fund (ARF)
- ▶ Approved Minimum Retirement Fund (AMRF)
- ▶ PRSA (non-standard)

## ifunds Availability

The Property Fund is also a component fund within the **ifunds** range.

## Charges

Charges vary per product type. For the Property Fund no additional charges above standard apply. For details of the charges that apply please refer to the product brochure and talk to your Advisor.

## For more information on the Property Fund:



Talk to an advisor available in your local Bank of Ireland branch



1890 309 309\*



fundcentre.bankofireland.com

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\*Calls may be recorded for service, training, verification and analysis purposes.

Terms and conditions apply. Exit tax (up to 41% currently) applies to gains on life assurance investment policies. A Government levy (currently 1% of the premium amount) applies to all premiums paid to a life assurance policy.

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