Irish Life

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FAQ

Irish Life Irish Property Funds portfolio change

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What changes are being made by Irish Life to their Irish property funds?

Irish Life currently offers two main Irish property funds to its customers, namely the Irish Property Fund and the Pension/ Exempt Irish Property Fund. Until now, these two funds have held separate individual property assets (with a small number of joint holdings).

Irish Life is now combining the two property portfolios to create one large common diversified Irish commercial property portfolio for all investors.

The two existing funds will remain in place as will all policyholders' terms and conditions.

Are the two Irish Property Funds being merged?

No, the two Irish Property funds are not being merged. Each fund continues to remain in place, with their terms and conditions unchanged. Both funds now have exposure to a common portfolio of properties.

Is a new property fund being created?

No, the existing fund structures are unchanged, however the underlying portfolio of properties is being expanded, giving all policyholders the same exposure to a wider pool of properties.

Why does combining the ILA Irish property portfolios make sense?

The change will enable Irish Life Investment Managers (ILIM) as investment manager to manage the combined property portfolio more effectively in the interests of all policyholders. The combined portfolio will provide;

- Increased portfolio scale, with the current value of the combined portfolio value being over €1.4bn
- Enhanced property asset diversification, with 91 individual property interests
- Exposure to a wider range of tenants, currently paying a combined rent roll of over €100m p.a.
- A more diversified lease maturity and rent review profile
- A broader range of active management and development opportunities

Does the nature of the investment change?

The two existing Irish property funds are alike, due to having the same fund objective and risk profile.

- Their common investment objective is to generate a return in line with the Irish commercial property investment market.
- They both aim to meet this objective by investing in the three main sectors of the Irish market, namely Offices, Retail and Industrial, and broadly hold similar weightings in each sector.
- They already hold four property interests jointly, mainly partial interests in large shopping centres.
- All properties have been and will continue to be valued monthly by external property valuers.

Will the management of the property portfolio be impacted

No, the property fund management team at Irish Life Investment Managers will continue to actively manage the properties in the fund to deliver the fund objective.

What changes will there be to the underlying properties held by the funds?

The combined property portfolio will have the following profile.

Dec 2024	Pension/ Exempt	Irish Property	Combined
No. Properties	63	32	91*
Aggregate Value	€1,122m	€313m	€1,437m
Average Value	€19.4m	€8.23m	€15.8m
Sector Weightings			
Industrial	9%	10%	9%
Office	72%	60%	70%
Retail	19%	30%	22%
Rent Roll	€78.0m	€25.2m	€103.2m

* The funds currently have some jointly owned property interests so there will be 91 properties in the combined portfolio. Also a number of property sales are being progressed in the market which will impact the above data as sales complete.

What is the outlook for offices given the funds high exposure?

Occupational demand for offices has improved, particularly for well-located offices with strong environmental specifications. Overall, 2.2m sq. ft. of new office lettings occurred in 2024 with a further 438,000 sq. ft. in Q1 2025, close to the long-term average. Letting activity is focussed on the best quality space in city centre locations, with demand in suburban locations continuing to be challenged.

The overall office vacancy rate remains high as older stranded office buildings, which do not meet modern occupier standards, await developer interest to emerge for brown to green repositioning and conversion.

Development of new office space in the market has slowed significantly, and notably 55% of scheduled 2025 delivery are already pre-leased. While the potential impact of broader macro-economic risks cannot be ignored, based on current active office occupier requirements and limited development pipeline activity, supply shortages of modern office stock are expected to materialise over the next few years, which would be supportive of pricing for prime offices.

What are the key office properties in the new combined portfolio?

The largest in the portfolio are new high quality developed/refurbished buildings in city centre locations, with the largest 5 holdings as follows;

Property	Main tenants
Cadenza, Earlsfort Terrace, Dublin 2	KKR, Intercom
1 Georges Quay, Dublin 2	OPW, National Lottery, CBD Aviation
13-18 City Quay, Dublin 2	Grant Thorton
2 Grand Canal Square, Dublin 2	William Fry Solicitors, Deutsche Bank
70 St Stephens Green, Dublin 2	Horizon Pharma

The fund also holds a number of office development opportunities in prime locations, as follows;

Property	Status
1 Adelaide Road, Dublin 2	150,000 sq ft LEED Platinum development. Prelet to Deloitte
The Frame, Baggot St, Dublin 2	48,000 sq ft LEED Platinum development. Terms agreed for letting of entire
Stephen Court, St Stephen's Green, D2	Planning permission secure for new 120,000 sq ft LEED Platinum office

These developments provide the potential for enhanced returns. Their high quality specification and sustainability features (including low energy consumption, low or zero operational fossil fuels, renewable energy on site and low carbon emissions), will make them the focus of both tenant and investor interest, which should be positive for rental and investment pricing, and fund performance. The short-term impact at portfolio level is a higher vacancy rate and lower income yield, in advance of new buildings being leased and rent producing.

What funds are affected by the change?

Policyholder funds which invest in the Pension/Exempt Irish Property Fund and the Irish Property fund are listed at the end of this note.

How will the change impact policyholders

There are no changes to policyholders' terms and conditions as a result of the change made to the property portfolios.

Will the fund price change now each fund is adding properties?

The fund price will not change at the point the properties are added, as this is based on the current market valuation of each property. The Fund price will change from month to month as the valuations of the properties, including the added properties, change. All properties will continue to be valued monthly by external property valuers.

Will the fund bid/offer pricing basis be impacted

The current pricing basis for the Irish Property Fund and Pension/Exempt Irish Property Funds are unchanged.

Will the change impact policyholder current fund valuation?

There is no change to the current value of units held by policyholders. The funds' properties will continue to be valued by external valuers.

Will the fund charges change?

There are no changes to fund charges.

Can policyholders exit or switch from the fund?

There are no changes to policyholders' redemption/encashment and switch options.

Will the current gating (deferred encashment/switch) on the Irish Property Fund be impacted?

The current gating (6 months delay on encashment and switch requests) on the Irish Property Fund is not directly impacted by the change.

There may be potential for enhanced liquidity for the new expanded property portfolio, given the wider pool of assets and range of property sizes. While the Irish commercial property market has seen some improvement over recent months, market liquidity is still quite constrained.

Is the risk rating of the fund impacted by the change to the property portfolios

The funds risk rating is unchanged and continues to be an IL6 rating

Do policyholders need to take any action?

No, policyholders are not required to take any action.

What is the outlook for the Irish Property market?

Commercial property investment in Ireland is well positioned to provide resilient, income focussed returns, at a time when volatility and uncertainty pervade the wider investment landscape.

Irish property yields are at attractive absolute levels and at a healthy spread over bond yields, following significant property valuation falls over recent years. Lower interest rates and improved availability of debt are supportive of property investment prospects.

Current buyer activity is dominated by domestic private investors and overseas opportunistic investors, attracted to current pricing levels and the potential for a cyclical recovery. Overseas institutional investors are being very selective in committing new investment to property due to current macroeconomic and wider investment risks.

While no sector is immune from macroeconomic changes, rents and values in most sectors of the Irish property market are underpinned by resilient occupier demand, which has been shaped by well evolved structural changes, and reducing availability of good quality space with limited development pipeline.

List of Property Funds

The following funds are impacted by these changes:

- Canada Life Pension Property Fund
- Canada Life Property 1 Fund
- Canada Life/Setanta Property
- CL Pension Property
- CL Property
- CL/Setanta Property
- EBS Property Fund Series 1
- Exempt Property Fund Series P1
- Irish Life Irish (Pension) Property Fund Pension
- Irish Life Irish Property Fund
- Irish Property Fund
- Pension Property Fund Series H1
- Prop Modules Growth S3 Premium
- Property Fund
- Property Growth 8
- Property Investment Fund
- Property Modules
- Property Modules Growth
- Property Portfolio Fund
- Property Portfolio Fund
- PRSA Property Fund Series 5
- Setanta Property Fund

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